



Sanko Diecasting (Thailand) Public Company Limited.

Annual Report 2017



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Remark: Investor can find out more information about the Issuing Company from the Financial Statement (form 56-1) of the Company in the website www.sec.or.th or at the Company's website www.sankothai.net

Message from the Chairman

Dear Shareholders of Sanko Diecasting (Thailand) Public Company Limited

For the past several years, the Company had been affected greatly by the World economy, political crisis and also domestic economic situation which resulted in the Company not being able to perform as planned. However, the year 2017 had been a good sign that the Company's overall performance came back to be profitable again which required tremendous amount of effort in adjusting the policies and strategies to be able



to compete in the market, including controlling the quality of the products to strictly follow the international standards together with the excellent corporate governance and internal control and also improving the Company's business capabilities to be more successful and achieve its goals with sustainable growth.

As the Board of Director, I would like to deeply thank the shareholders, investors, customers, all of the financial institutions, the Executives, staff members and all relating parties that have always supported and trust in the business operation of the Company. The Company is ready to improve its abilities continuously so that we can compete in the present World market steadily and sustainably.

(Mr. Masami Katsumoto)

Chairman of the Board

Message from the Chief Executive Officer



Dear Shareholders of Sanko Diecasting (Thailand) Public Company Limited

In the year 2017, the overall World economy and the domestic economy's performance, including the automotive industry, had been stable. Therefore, the Company tried to expand the market by looking towards international market more. In 2017, the total income had increased approximately 7% from the year 2016 which was contributed by both the sales domestically and internationally, resulting in overall profit for the Company and is estimated to increase continuously in 2018. The Company has been maintaining the products' quality according to the international standards. Currently, the Company had received ISO9001, ISO/TS16949, ISO14001, TIS/OHSAS18001 and will additionally receive ISO5001 within the year 2018 as well. This resulted in higher customers' satisfaction which leads to constant orders and increasing in sales.

As for the investment in 2018, the Company plans to invest in machineries and improve the factory areas to support higher customers' demands and introduce new innovation to be used in the production process in order to increase efficiency which will also reduce the costs partially, reflecting in an overall better performance of the Company.

As the Executive, I am aware of the responsibility to all relating partners. I will strive to work to the best of my ability with honesty, transparency and with accountability. I would like to thank all shareholders for giving such tremendous support to the Company always.



(Mr. Rattawat Suksaichol)
Chief Executive Officer

Board of Directors



5 4 3 1 2 6 7 8

- | | |
|------------------------------------|-----------------------|
| 1. Mr. Masami Katsumoto | Chairman of the Board |
| 2. Mr. Naohiro Hamada | Director |
| 3. Mr. Rattawat Suksaichol | Director |
| 4. Mrs. Poonsri Pattamavorakulchai | Director |
| 5. Mr. Yuttana Taepangthong | Director |
| 6. Ms. Valaiporn Kanignunta | Independent Director |
| 7. Mr. Santi Niamnil | Independent Director |
| 8. Mr. Nipan Tungpiruttham | Independent Director |

Mr. Masami Katsumoto

Chairman of the Board

Age 69 years oldDate appointed 27 April 2017Shareholding 7.57% (22,632,800 Shares)Education

1967 : High School attached to the Faculty of Education, The University of Tokyo

1971 : Mechanical Engineering,

College of Science and Technology Nihon University

IOD Courses

Director Accreditation Program (DAP) year 83/2553

5 Years Work Experience

2016 - Present Chairman of the Board and President

Sanko Diecasting (Thailand) Plc

1996 – 2016

Chairman of the Board and Chief Executive Officer

Sanko Diecasting (Thailand) Plc

Board member

Listed Company 1 company

Non-Listed Company -

Mr. Naohiro Hamada

Director

Age 76 years oldDate of Appointment 27 April 2017Shareholding 0.98% (2,916,000 Shares)Education

1959 : Commerce Course, Shiwo Sensor High School

1963 : English Course, Pal more Institution

IOD Courses

Director Accreditation Program (DAP) year 83/2553

5 Years Work Experience

2015 – Present Managing Director and Board of Director of TIP Metal Industries Ltd.

2012 – Present Director of Shinyama (Thailand) Co., Ltd.

2012 – 2015 Managing Director and Board of Director of Excel Metal Forging Co., Ltd.

2007 – Present Board of Directors of Sanko Diecasting (Thailand) Plc

2007 – Present Managing Director and Board of Director of Thai Industrial Parts Ltd.

Board member

Listed Company 1 company

Non-Listed Company 3

Mr. Rattawat Suksaichol

Director

Age 60 years oldDate appointed 28 April 2015Shareholding 0.67% (2,012,576 Shares)Education

1979 : Bachelor of Law, Faculty of Law, Thammasart University

IOD Courses

- Director Accreditation Program (DAP) year 77/2009
- Financial Statement for Directors (FSD) year 6/2009
- Director Certification Program (DCP) year 128/2553
- Successful Formulation & Execution of Strategy (SFE) year 13/2011
- Role of the Compensation Committee (RCC) year 15/2012
- Role of the Nomination and Governance committee (RNG) year 3/2012

Other courses

- Strategy CFO in Capital Markets Program 2015
- Studying Advanced Master of Management Program, (AMM)

5 Years Work Experience

- | | |
|----------------|--|
| 2016 - Present | Director and Chief Executive Officer
Sanko Diecasting (Thailand) Plc |
| 2001 – 2016 | Director and Deputy Chief Executive Officer
Sanko Diecasting (Thailand) Plc |

Board member

Listed Company 1 company

Non-Listed Company -

Mrs. Poonsri Pattamaworakulchai

Director

Age 64 years oldDate appointed 28 April 2016Shareholding 0.00%Education

1977 : Bachelor of Business Administration in Accounting, Ramkhamhaeng University

IOD Courses

Director Accreditation Program (DAP) year 121/2015

5 Years Work Experience

- | | |
|----------------|---|
| 2015 – Present | Board of Directors
Sanko Diecasting (Thailand) Plc |
| 2003 – 2014 | Accounting and Finance Manager Somsak Group co.ltd |

Board member

Listed Company 1 company

Non-Listed Company -

Mr. Yuthana Taepangthong**Director**Age 45 years oldDate appointed 28 April 2016Shareholding 0.00%Education

1999 : Bachelor of Accounting, Bangkok University

IOD Courses

Director Accreditation Program (DAP) year 120/2015

5 Years Work Experience

2016 - Present Director 105 Solar Power co.ltd

2015 – Present Managing Director and Director Advance Connection Corporation
Public Company Limited

2014- Present Director Sanko Diecasting (Thailand) Plc

2015 - Present Director ACC Electric co.ltd

2015 - Present Director ACC Landmark co.ltd

2015 - Present Director ACC Green Energy co.ltd

2015 - Present Director W Solar co.ltd

2015 - Present Director Bangpakong Solar Power co.ltd

2014 - Present Director C.E.I (Chiangmai) co.ltd

1994 - 2014 Director of Accounting and Finance Jubilee Enterprise Plc.

2013 - 2013 Audit Committee Electronics Industry co.ltd

Board memberListed Company 2 companiesNon-Listed Company 7 companies

Miss Walaiporn Kaniknanta

Independent Director/
Chairman of the Audit Committee



Age 62 years old

Date appointed 28 April 2017

Shareholding 0.00%

Education

1978: Bachelor of Accountancy, Chulalongkorn University

1979 : Higher Graduate Diploma in Accountancy, Thammasart University

IOD Courses

Director Accreditation Program (DAP) year 80/2009

5 Years Work Experience

2009 - Present Independent Director and Chairman of the Audit Committee
Sanko Diecasting (Thailand) Plc

2007 – Present Accounting Consultant SC System Network co.ltd

2007 – Present Accounting Consultant Isin Clutch Disk co.ltd

2007 – March 2017 Accounting Consultant PMC Management and Consultant co.ltd

Board member

Listed Company 1 company

Non-Listed Company -

Mr. Nipan Tangpiruttham

Independent Director/
Audit Committee



Age 57 years old

Date appointed 28 April 2016

Shareholding 0.00%

Education

1979: Bachelor of Law, Faculty of Law, Thammasart University

IOD Courses

Director Accreditation Program (DAP) year 80/2009

5 Years Work Experience

2009 - Present Independent Director and the Audit Committee
Sanko Diecasting (Thailand) Plc

2000 - Present Managing Director Master Glove Industry co.ltd

1993 - Present Managing Director Rose and Green co.ltd

2000 - Present Managing Director Super Glove Industry co.ltd

Board member

Listed Company 1 company

Non-Listed Company -

Mr. Santi Niemnil
Independent Director/
Audit Committee



Age 49 years old

Date appointed 28 April 2015

Shareholding 0.00%

Education

1993 : Bachelor of Law, Ramkhamhaeng University

IOD Courses

Director Accreditation Program (DAP) year 80/2009

5 Years Work Experience

2009 – Present Independent Director and Audit Committee

Sanko Diecasting (Thailand) Plc

2016 - Present Audit Committee Phol Dhanya Pcl.

2002 – 2015 Director You Send Air & Sea Service Management (Thailand) co.ltd

2003 – 2015 Managing Director Anake Advocate co.ltd

Board member

Listed Company 2 company

Non-Listed Company -

4. Policies and Overview of Business

4.1 Vision, Mission and Core Value

Sanko Diecasting (Thailand) Public Company Limited was founded in January 1996 and started operation in April 1997 by manufacturing automobile parts and electronic components through the process of High Pressure Die Casting (HPDC) with molds from Aluminum and Zinc as raw materials.

Visions

Sanko has a commitment to be proficient, to lead in the Die Casting Industry and to be recognized internationally; Continuing to acquire innovations in all its operations and create new products obtaining its own trademark; Producing quality products and services for customer satisfaction and business sustainability.

Missions

- Perform with excellence in all its operations.
- Create innovations and use modern technologies in designing and production development.
- Mobilize employees' potentials in creating its company's very own brand within the year 2019 as a common goal.

Core Value

- Innovation
- Proactive Working
- Achievement Orientation
- Sense of Belonging

Corporate Strategy

Focusing on growth strategy by expanding the customers base both domestically and internationally in order to reduce the domestic economic risk which will increase the demand of the customers in a wider circle, including expanding domestically to other customers in another business not only for automotive and emphasizing on the customers that the Company can provide experts services.

Business Strategy and Functional Strategy



- Quality: The Company can produce parts which are of the best quality and are well received among the automobiles producers. Moreover, the Company has been certified by the International Standards ISO 9001:2008 and ISO/TS 16949:2009 to ensure and build up confidence for the customers in the long run.
- Knowledge and Technology: The Company is specialized in designing molds which is the Know-How that has been passed down from generations to generations. Moreover, the Company continuously develops the production lines, so that it can respond to the demands of the customers.
 - The Company aims to develop new products in order to increase sales and for better returns, including spreading out the risks from relying on old customers and products.
 - The Company aims to be the innovative Organization by introducing robotic technologies into the production process in order to increase operational efficiency.
- Costs and profits - The Company emphasizing on strict management of costs and profits by using Budget Control System to control all of the departments' operation to be more efficient in managing costs and profits equal to the international standards.

- Manufacturing: Due to the design of the production line, the parts produced can be adjusted quickly with no hassle, meaning that the Company can support a variety of clients from many different industrial groups which reflects the continuous growth of the Company's revenue.
- Marketing: The Company has expanded internationally to reduce the risk of the domestic economic situation which increases the demands in the wider group of clients. Also, the Company expands the client base domestically to other businesses other than the automobiles industry by focusing on the groups that the Company is familiar with the productions and services.
- Products: Increase the production lines by introducing new injection technique which is "Gravity Die Casting" and metal diecasting techniques such as sand casting, lost wax casting. to add a variety of products and to reduce the restrictions in production and to meet the demands of the clients more. The increase in numbers of machineries, which the Company already has specialized in productions, means that the company can provide a full range of complete service to customers.

4.2 Changes and Important Developments

1996

- January :The Company is registered as Sanko Diecasting (Thailand) co.,Ltd, with registered capital of 11.50 million Baht, divided into 115,000 shares at 100 Baht per share and fully paid-in with the major shareholding group as Sanko Diecasting Industry co.,Ltd (Japan), SBCS co.,Ltd, and Wattana Inter Trade co.,Ltd
- October :Increase the registered and paid-in capital to 88 million Baht from the original shareholders and the capital funds JAIC Nippon Asia 2 and South-East Asia Private Equity (GBR).

2004

- April :Mr. Masami Katsumoto had bought 244,895 shares of the Company or 27.83% of the registered and paid-in capital of the Company at the time, from Sanko Diecasting Industry co.,Ltd (Japan).

2005

- June :Sanko Diecasting Industry co.,Ltd (Japan) had sold 235,101 shares of the Company or 26.72% of the registered and paid-in capital of the Company at the time to Asutech co.,Ltd. In addition, JAIC Nippon Asia 2 fund and South-East Asia Private Equity (GBR) fund had sold 400,000 shares, Mr. Masami Katsumoto had sold 54,017 shares for the total of 454,017 shares or 61.38% of the registered and

paid-in capital of the Company at the time to Thai Industrial Parts co.,ltd and Jutha Wan co.,ltd.

2006

April :The Company had received the Certified International Standards ISO 9001:2000 from the United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,ltd.

:The Company had received the Certified International Standards ISO/TS 16949:2002 from the International Automotive Task Force (IATF) and approved by United Registrar of Systems (Thailand) co.,ltd.

2008

March :Asutech co.,ltd had sold 235,101 shares or 26.72% of the registered and paid-in capital of the Company at the time to Thai Industrial Parts co.,ltd.

April :Thai Industrial Parts co.,ltd (TIP) had sold the transferred shares from Asutech co.,ltd 235,101 shares or 26.72% of the registered and paid-in capital of the Company at the time to the Directors of the Pinthong Group and minority shareholders.

July :Jutha Wan co.,ltd had sold 228,996 shares or 26.02% of the registered and paid-in capital of the Company at the time to JTW Assets co.,ltd.

:The Company had received the certified standards for Environmental Management System ISO 14001:2004 from United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,ltd.

October :Vnet Capital co.,ltd had invested in the Company by buying 246,000 shares or 27.95% of the registered and paid-in capital of the Company at the time from the Pinthong Group.

2009

April :The Company had received the Certified International Standards ISO 9001:2008 from the United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,ltd.

:The Company had received the Certified International Standards ISO/TS 16949:2009 from the International Automotive Task Force (IATF) and approved by United Registrar of Systems (Thailand) co.,ltd.

December :The decision was made at the 2nd General Shareholders Meeting on 15th December 2009 to convert into the Public Company status and change the value of the shares from 100 Baht to 1 Baht.

:The Company had been certified on the implementation of Occupational Health and Safety Management System TIS 1800:1999 and approved by United Registrar of Systems (Thailand) co.,Ltd.

:The Company had been certified on the implementation of Occupational Health and Safety Management System OHSAS 19001:2007 from the United Kingdom Accreditation Service (UKAS) and approved by United Registrar of Systems (Thailand) co.,Ltd.

2011

June :The decision was made at the 1st General Shareholders Meeting on 10th June 2011 to change the value of the company's shares from 1 Baht per share to 0.50 Baht per share. Another decision was made to increase the registered capital to 113 million Baht, consisting of 226 million shares at 0.50 Baht per share.

2012

May :The decision was made at the 1st General Shareholders Meeting on 30th May 2012 to approve the issuing and selling of shares to the general public for 44 million shares at 0.50 Baht per share and issuing and selling of the stock-purchase warrants of the Company to the Directors and staffs of the Company for 6 million shares with 6 million units waiting at disposal for 0.50 Baht per share. The Meeting approved for the Company's stocks to be listed under the MAI stocks exchange.

June :The Company had bought a 3 Rai land with factory in the Rojana Industrial Park, T. Nongbua, A. Ban-khai, Rayong, with the area adjacent to the factory of the Company to be developed and convert into warehouse, drilling department and finishing products department.

2013

May :The Company trades its stocks for the first day in the Stock Exchange of Thailand.

September :The Company had form a contract to buy lands in the Rojana Industrial Park, T. Nongbua, A. Ban-khai, Rayong, with the size of 5.1585 Rai. The land has areas adjacent to the Company's factory which will be expanded. Some portion of the deposit had already been paid and the rest will be paid, together with the transfer at the beginning of 2014.

2014

April :The Company has registered the transfer of ownership of the land from Rojana Industrial Park Public Co.,Ltd, with the Title Deed 41107, 41741, Parcel no. 342,355, Dealing File no. 3990,4057, T. Nhongbua, A. Bankhai, Rayong, total area

approximately 3 Rai 1 Ngan 73.5 Square.Wah, for the purpose of building an Aluminium Die-Casting Factory.

2015

July :The Extraordinary General Shareholder's Meeting (1st/2015) held on 9th July 2015 came to the resolution for allowing the increase in registered capital of 37,340,812.50 or 74,681,625 share, increasing the registered capital from 113,000,000 Baht to 150,340,812.50 Baht or the total 300,609,625 shares, at 0.50 Baht per share.The Department of Business Development, Ministry of Commerce, had already adjusted the change in the registered capital on the 16th July 2015.

August :The Company had registered the change in the paid-up capital from the original amount of 111,138,579 Baht to the new amount of 148,184,772 at 0.50 Baht per share. The Department of Business Development, Ministry of Commerce, had already adjusted the change in the paid-up capital on the 17th August 2015.

November :The Company had registered the change in the Employee Stock Ownership Plan (ESOP) from the original amount of 148,184,772 Baht to the new amount of 148,903,972 Baht at 0.50 Baht per share. The Department of Business Development, Ministry of Commerce, had already adjusted the change in the increase of share capital on the 24th November 2015.

2016

May :The Company had proceeded with the registration for the change in capital since there had been a change in the warrants of the Employee Stock Ownership Plan (ESOP), from the previous paid-up capital of 148,903,972 Baht to the new paid-up capital of 148,921,662 Baht at the value of 0.50 Baht. The Department of Business Development (DBD), Ministry of Commerce had registered the said capital change on the 24th of May 2016.

November :The Company had proceeded with the registration for the change in capital since there had been a change in the warrants of the Employee Stock Ownership Plan (ESOP), from the previous paid-up capital of 148,921,662 Baht to the new paid-up capital of 149,494,502 Baht at the value of 0.50 Baht. The Department of Business Development (DBD), Ministry of Commerce had registered the said capital change on the 17th of November 2016.

2017

May: The Company had registered the initial capital due to the change in the Company's warrant for the Employee Stock Ownership Plan (ESOP) from the original amount of 149,494,502 Baht to the new amount of 149,547,481.50 at the value of 0.50 Baht in

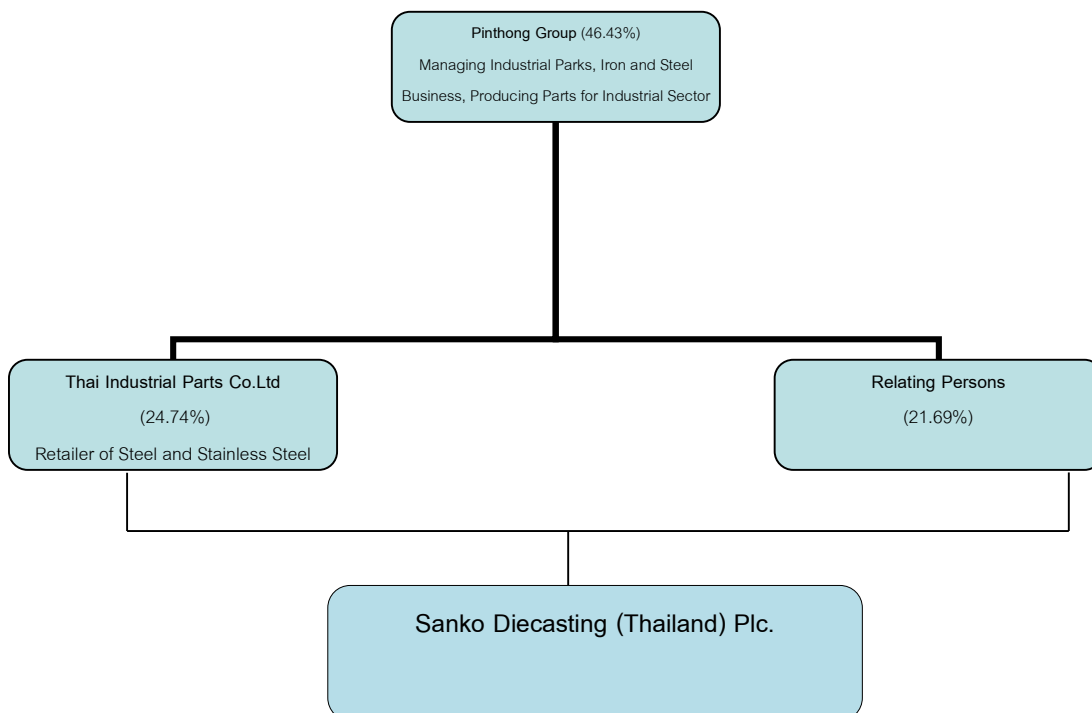
which the Department of Business Development, the Ministry of Commerce had already accepted the change in the said capital increased on 23rd May 2017.

4.3 Company's Shareholding Structure

The Company has no subsidiaries or associates companies.

4.4 Relationship with the Business Groups of Major Shareholders

4.4.1 Diagram showing the structure of the overall companies of the major shareholders as of 29 December 2017



The Pinthong Group has a similar business to the Company, which is producing parts by extrusion with hot forging and stamping, for electronic goods and for automobiles industry. The group also operates in parts assembling and creating molds. In the future, the said group of companies may have a conflict of interest by competing indirectly with the Company. However, the companies in the Pinthong Group, do not have the policy to produce Aluminum and Zinc parts by extrusion and high pressure diecasting which is a direct competition to the Company.

4.4.2 Relationship Status

The Company has listed the individuals which may have conflict of interest. The intercompany transaction that occurred, was the transaction between Directors and/or Executives and/or shareholders of the Company with relating companies which has persons with conflicts of interests as Directors and/or Executives and/or shareholders of the companies. The relationship can be summarized as follows;

Persons with Possible Conflict of Interests	Relationships
Juthawan Co.,Ltd	This company is under the control of one major shareholder, the Pinthong Group ^{1/} , which holds the shares of the Company both directly and indirectly, for 46.43 % of all the registered and paid-in capitals.
Thai Industrial Parts Co.,Ltd	Shares the same Director with the Company who are Mr. Naohiro Hamada and and is under the control of one major shareholder, the Pinthong Group ^{1/} , which holds the shares of the Company both directly and indirectly, for 46.43 % of all the registered and paid-in capitals.
Rica JTW Heat Treatment Co.,Ltd	Under the control of one major shareholder, the Pinthong Group ^{1 /} , which holds the shares of the Company both directly and indirectly, for 46.43% of all the registered and paid-in capitals.
Umphon Co.,Ltd	Under the control of one major shareholder, the Pinthong Group ^{1 /} , which holds the shares of the Company both directly and indirectly, for 46.43% of all the registered and paid-in capitals.
JTW Asset co.ltd	Under the control of the same majority shareholders which are the Pin Thong group. The group holds the shares, both directly and indirectly, of the Company amounting to 46.43% of the total paid-up and registered capital.
Pinthong Steel Co.,Ltd.	The company under the control of the same group of major shareholders, the Pinthong Group, which holds both directly and indirectly 46.43% of the registered and paid-up capital of the company.
Pinthong Industrial Park Public Company Limited	Under the same majority shareholders of the Pinthong Group ¹ which holds the shares both directly and indirectly in the Company for 46.43% or all paid registered capital.
Forever Opulence Co.ltd	The shareholders and Executives of Forever Co.ltd, are middle level Magers of the Company.
Mr. Niphun Tangpiruttham	Also act as the Company's Board of Directors.

Remarks:

The Pinthong Group Manages Industrial Parks, Iron and Steel Business, Producing Parts for Industrial Sector and Cars Rental and Transportation Business.

5. Nature of Business

5.1 Overview of the Company's business

The Company manufactures aluminum parts and zinc parts by using extrusion technique, according to the customer's order. The main customers are automotive parts manufacturers which distribute to the automotive industry, consisting of automobile and motorcycle industry. The business of manufacturing the automotive parts have a strong advantage from a certain and consistent order because an order of any automotive models are usually continuous until the model is terminated which usually take about 3 years or more. Moreover, the company has been manufacturing CCTV components, Camera components and Intercom System components for the electrical industry, and has produced lawn mower parts and tractor parts for agricultural machinery industry. However, in the manufacturing of parts, the company has design and supply molds to perfectly meet customers' needs. Currently, the Company has no subsidiaries or any affiliates.

5.1.1 Company's revenue structure

Company's revenue structure can be classified into major product lines from 2015 to 2017 as follows;

(unit: million)

Revenue	2015		2016		2017	
	Unit	%	Unit		Unit	%
1. Revenue from sales of parts	382.19	89.51	382.74	92.32	405.47	91.65
Car parts	276.71	64.81	265.29	64.00	314.94	71.19
Motorcycle parts	40.71	9.53	53.26	12.84	32.30	7.30
Electronic parts	46.61	10.92	40.68	9.81	33.48	7.57
agricultural machinery parts and others	18.16	4.25	23.51	5.67	24.75	5.59
2. Revenue from sales of mold	34.40	8.06	24.23	5.84	32.43	7.33
Car parts	9.30	2.18	12.27	2.96	24.60	5.56
Motorcycle parts	22.87	5.36	8.15	1.97	5.48	1.24
Electronic parts	1.33	0.31	2.87	0.69	1.95	0.44
agricultural machinery parts and others	0.90	0.21	0.94	0.22	0.40	0.09
Total Revenue from Sales	416.59	97.57	406.97	98.16	437.90	98.98
Revenue from services ^{1/}	3.92	0.92	3.49	0.84	-	-
Total revenue from sale and service	420.51	98.49	410.47	99.00	437.90	98.98
Other revenue ^{2/}	6.45	1.51	4.11	1.00	4.52	1.02
Total revenue	426.96	100.00	414.58	100.00	442.42	100.00

Note: ^{1/} revenues from service in 2015 and 2016 are from the agreement of being a technical assistance to a motorcycle parts manufacturing company in India, worth 24.60 million baht. and the contract had been terminated in the beginning of 2017.

^{2/} other income consists of income from sales of scraps and leftovers from production, profit from sales of assets, gain on reversal of allowance for doubtful accounts receivable, interest income and other income.

5.1.2 Products and Services





The company manufactures aluminum parts and zinc parts based on the customer's order. By the molding process with high pressure die casting 1. (High-Pressure Die casting or "HPDC"). 2. (Gravity Casting) The company has design and hired a manufacturer of molds to produce molds for customers to be able to produce parts according to the customer needs. The ownership of the mold will be as specified in an agreement between the company and each customer, which can be classified by the agreement as follows









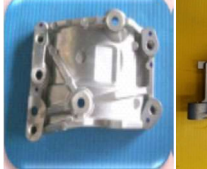

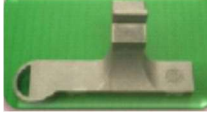








- 1) Designs and sales of molds The Company will sale produced molds to customers. Customers will own the ownership of molds. The customer will hire the company to carry out the production of molds.
- 2) Design the molds and produce the parts The customer will hire the company to design the molds along with manufacture such molds. The company still own the ownership of the molds, the company will have to charge a margin to offset the cost of the design and preparation of such molds.

Most of the Company's revenue comes from the sales of aluminum parts and molds parts. The revenue from parts can be divided into aluminum parts and zinc parts which, in 2016, 74.89% and 12.06% and in the year 2017 with the ratio of 83.61% and 8.99% of the income from sales and services respectively. The Company's products can be divided into categories according to their uses as follows;

5.1.2.1 Automobile Parts

Automobiles parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
Automatic Automobiles	Wheel Stator	Wheel stator parts for automatic automobile	
	piston	Parts for automatic automobiles	
Heat coolant	coolant lid	Pipe parts for heat coolant	
Alternator	Rear Cover	The component at the back of the alternator	

Categories	Parts	Parts Details	Sample Parts Pictures
			
	Front Cover	The component at the front of the alternator	 
Starter	Housing	Housing components of the starter	 
	Rear Cover	The components at the back of the starter	
	Gear Case	Gears components in the starter	 
Bracket Compressor	Bracket Compressor's base	Components to attach the engine and the compressor together	 
	Lower Bracket	Components to attach the heat sink of the air condition with the body	
	Bracket Tension	Components for the compressor's bracket tension	
Fan Clutch	Cover	The cover of the fan clutch for the engine's heat sink	
	Case	The back case of the fan clutch for the engine's heat sink	
	Disk	Components for the fan clutch to operate the cooling automatically	
Hanging Air Pipe	Flange Flex	Parts to support the attachment of air pipe in the car	   

Categories	Parts	Parts Details	Sample Parts Pictures
Safety Belt	Guide Drum	Parts to lock the safety belt in place	
Audio	Heat Sink	Heat sink for the car's audio system	
Heat Sink for Front Light	Main Heat Sink Bi-LED, front light	Heat Sink for Bi-LED	
	Ghem Heat Sink	Ghem Heat Sink for automatic automobiles	
	Fblo Heat Sink	Fblo Heat Sink for automatic automobiles	
Shaft Wiper Control System	Bracket B for left shaft wiper	Rotator for left shaft wiper	
	Bracket C for right shaft wiper	Rotator for right shaft wiper	
	Bracket A for single shaft wiper	Rotator for single shaft wiper	









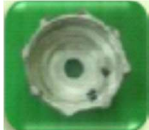









The products in this category are parts and molds for the equipment and cars parts, consisting of alternator, starter, bracket compressor, fan clutch, hanging air pipe, safety belt and shaft wiper control sets.

The main clients are the parts producing companies which assemble the parts into tools and equipment that will then be handed over to the cars manufacturing companies once more. The revenue from this product group is considered the major income of the Company with the income ratio in the year 2015, 2016 and 2017 of 286.01million Baht, 277.56 million Baht and 339.54 million Baht respectively, or 66.99%, 66.96 % and 76.75% of total revenue from sales and services in the same period respectively.

5.1.2.2 Motorcycle Parts

Motorcycle parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
(Engine)	(Cover Head)	Valve system cover head	
	(Cover Generator)	Battery Cover Generator	
	(Cap bearings)	Piston cap bearings	
Heat coolant	(Housing)	Water pump' s cover parts	
	(Cover water pump)	Water pump cover heat coolant	
External motorcycle parts	(Step)	Left and right steps	
Carburetor	Cover Reed Valve	Components for the cover reed and valve set	
	Bode Reed Valve	Components for the cover reed and valve set	

Categories	Parts	Parts Details	Sample Parts Pictures	
	Top	Components for the cover reed and valve set		
Manual Clutch System	Centre Clutch	Clutch components		
	PR Plate	Components on the top clutch cover		
	PR Outer	Components for the side clutch cover		
	PR Lifter	Component to lockdown clutch system		
Automatic Gear	Primary Sliding Sheave	Components of automatic gear CVT for adjusting the sheave		
	Primary Fixed Sheave	Components of automatic gear CVT for driving the sheave		
PR Outer	Crank Case	Crank Case Lid		
Heat Cooling Water Pump System	Water Pump Cover	Lid for heat cooling Water Pump		



The products in this category are parts and molds for the equipment and motorcycle parts consisting of clutch system, carburetor and starter. The clients for this group of products are motorcycle parts

manufacturing companies and motorcycle assembling companies. The Company's revenue from this category in 2015, 2016 and 2017 was equal to 63.58 million Baht, 61.41 million Baht and 37.78 million Baht respectively, or 14.89%, 14.89% and 8.54% of the total revenue from sales and services in the same period respectively.

5.1.2.3. Electronic Goods Parts

Electronic good parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
Box CCTV Camera	Front Frame	Components for the cctv signal box's front frame	
Dome CCTV Camera	Chassis Cover	Parts for the dome CCTV camera	
	Bracket Case	Parts for the dome CCTV camera	
Dome CCTV Camera	Main Cover	Parts for the dome CCTV camera	
	Rear Cover	Parts for the dome CCTV camera	
Intercom System	Panel	Components for the intercom system	
	Panel Frame	Components for the intercom system	
Air-condition Compressor	Plate Lower Seal	plate cover for the piston of the compressor	
Water Pump Control Box	Aluminum Case	Control box for the automatic water pump	



The products in this category are parts and molds for the equipment and electronic goods parts such as CCTV camera, video recorder, Air-condition compressor's lid and intercom system. The main clients for this category are the electronic goods parts producing and assembling companies. The Company's revenue from this group in 2015, 2016 and 2017 was equal to 47.94 million Baht, 43.55 million Baht and 35.43 million Baht respectively, or 11.23%, 10.50% and 8.01% of the total revenue from sales and services in the same period respectively.

5.1.2.4 Agricultural Machinery Parts and Others

Agricultural machinery parts samples

Categories	Parts	Parts Details	Sample Parts Pictures
Tractor	Propeller Shaft Case	Components for hydraulic rod's cover of the tractor	 
	Flange Fan	Parts for attaching the fan in the tractor	
	Bracket Filter	Components for tractor's petrol bracket filter	
	Bracket Cover (Support diff)	Components for tightening clutch set	
	Base Main Shift	Components for main shift's cover of the tractor	
	Rear Wheel Plug	Components for the rear wheel plug's cover	
Fuel Dispenser	Fuel dispenser hanger	parts for the fuel dispenser hanger	 
	Joint for valve dispenser	parts for the fuel dispenser hanger	
	Dispenser pipe	parts for the fuel dispenser hanger	



The products in this category are agricultural machinery parts such as tractor's parts and parts for other industries for example hanger for fuel dispenser at petrol station. The clients for this category consist of companies that manufacture agricultural machineries and other industries. The Company's revenue from this product group in 2015, 2016 and 2017 was equal to 19.06 million Baht, 24.45 million Baht and 25.15 million Baht respectively or 4.46%, 5.90 % and 5.68% of the total revenue from sales and services in the same period respectively.

Additionally, in February 2012, the Company had made a contract to give technical supports to Exedy Clutch India Pvt. Ltd, a motorcycle parts producing company in India, worth of 24.60 million Baht. The Company will support in selecting and installing the aluminum and zinc extrusion machine, as well as give training in the process of production and quality control, with the requirement that the said company will not compete in aluminum and zinc extrusion parts for motorcycle industry in Thailand against the Company. The Company had agreed on the deal with ICC Consult co.ltd to help and support Exedy Clutch India Pvt.ltd, to follow the said agreement of technical supports.

During 2015 and 2016, the Company had earned from this service under the agreement equal to 3.92 million Bath and 3.49 million Bath respectively or 0.92% and 0.84 % of the Total income from sales and services from the same period of time and terminating the contract at the end on 2016.

5.1.3 Benefits of the Promotional Certificates from Thailand Board of Investment

The Company's has many benefits from the Board of Investment as follows;

Promotion Certificate Owner	Sanko Diecasting PCL	Sanko Diecasting PCL
Certificate no.	1090(2)/2011	1010(2)/2014
1. Date of promotion	26 th January 2011	7 th January 2014
2. Date of enforcing the Promotion Certificate benefits	15 th November 2010	14 th October 2013
3. Type of business promoted	Producing steel products, including steel parts	Producing steel products, including steel parts
4. Key benefits received		
4.1 Import duties exemption on machineries	Imported before 26 th July 2015	Must be imported before 7 th July 2018

Promotion Certificate Owner	Sanko Diecasting PCL	Sanko Diecasting PCL
4.2 corporate income tax exemption for net profits from supported business operations since the first day receiving the income from such operations	No more than 100% of the investment, excluding land and working capital for 8 years, and 50% corporate tax exemption for 5 years after the first cause.	No more than 100% of the investment, excluding land and working capital for 8 years, and 50% corporate tax exemption for 5 years after the first cause.
4.3 the exemption does not require the use of dividends from supported business operations from the corporate income under 4.2 to calculate for tax	8 years	8 years
4.4 authorize to deduct transportation fees, electrical fees and water fees from the first day receiving the income from operations	10 years	10 years

5.2 The Market and Competition

The Company operates in manufacturing aluminum and zinc extrusion parts to customers in various industries with the majority in the automobile, electronic goods and agricultural machinery industries. The majority of goods sold are to the primary parts producers which operate in Thailand through the sales and marketing team of the Company with both Thai and foreign staffs that have over 30 years of experience. The responsibilities are divided into teams for both looking for new clients and for maintaining good relationships with the present clients. The teams contact the customers directly in order to learn all about the customers need and get involved in designing and adjusting the parts according to the demands of the clients if necessary, so that the production can be done efficiently and maintaining the same quality and function as indicated by the customers.

Additionally, there are other sales channels, for example;

- 1) The Company has advertised the Company's products through various media, for example, business owner's directory, and all of the magazines and newsletter relating to the industries and to the parts that the Company can produce, such as automotive directory. The Company also publishes the website www.sankothai.net which acts as a communication channel for the customers and to publicize the Company as well.

- 2) The Company has become the member of the Thai Autoparts Manufacturers Association (TAPMA), Thailand Automotive Institute and other associations that are related to the automotive industry in order to meet the target groups more.
- 3) Online Automotive Portal is a channel for promoting top tier suppliers' information regarding automotive equipment and is utilized by various industrial experts including high level executives, consultants and researchers for both automobile parts producers and assemblers.

5.2.1 Competitive Strategy

The Company's competitive strategy is to aim at satisfying the customers with the good quality of products and services in order to create a long lasting relationship which will result in the continuous business cooperation. The Company's competitive strategy can be summarized as follows;

1. Maintaining the Products Quality

The products of the Company must be manufactured carefully, since they are parts that will be used in conjunction with other parts. To this, the Company gives all its attention to the quality of the products by having the quality control of international standards, ISO9001:2008 and ISO/TS 16949:2009. The Company has upgraded the systems to support the international standard IATF 16949:2016/ISO 2015 where the Company controls the quality of the production from selecting the best ingredient, and having a strict check up on all steps of the production process with accurate and efficient monitoring equipment. The Company also consistently trains the staffs to develop both their knowledge and improve the standard practice, making the Company won the trust of customers and receive constant orders. Additionally, there were researches and developments in the German standard vehicles (VDA 6.3) in order to improve the standard and increase exporting channels.

2. Products Delivery on Schedule

Since the Company produces parts that will be used in conjunction with other parts, the Company emphasizes greatly that the delivery must be accurate and just in time, so that there are no effects on the assembling process of the clients. The Company has the policy to deliver the products on time, which is controlled since the planning of the production, purchasing the ingredients, quality control of the ingredients, production process and delivering to the clients. Therefore, the Company can always deliver the products to the customers on schedule.

3. Production Flexibility

The Company emphasizes on the flexibility of production by designing the production line so that it can adapt with many parts and models for fast and simple production. This means that the Company can produce various kinds of parts and support a variety of industries. At present, the Company owns, in total, 16 diecasting machines. The Company increases the sub-supplier in order to support the production from fewer to large volumes and support all fluctuating orders in the Automobile market.

4. Maintaining Good Relation with the Customers

The Company aims to build a strong relationship with the customers by having marketing and sales staffs looking after the customers and the products in order to ensure the services that meet with their satisfaction. In addition, the Company has a policy to survey the clients' satisfaction at least once a year, so that it can be used to improve the quality of the products and the services.

5. Becoming a member of associations and organizations to increase the client base

At present, the Company has become a member of association and organizations that are related to the industry and parts producers whose are direct target group of the Company such as the Thai Autoparts Manufacturers Association (TAPMA) or the Thailand Automotive Institute. This allows the Company to gain information regarding the business in each industry and can expand the client base into such industries.

5.2.2 The Automotive and Automotive Parts Industries

Automotive Parts and Automotive Industries

The automotive industry is very notable within Asian and between the ASEAN countries, because the production of cars is more than half of the World's production. The ASEAN countries who produce automobiles are Indonesia, Malaysia, Philippines, Thailand and Vietnam. The ASEAN countries can be categorized into 2 groups with various productions and different domestic markets as follows

- The countries which are the bases of production.
- The countries which are not the bases of production.

The ASEAN countries' compound annual growth rate (CAGR) has been on the increasing trend since these countries do not have a complicated economic base. Therefore there is a high flexibility for adaptation and when couples with the fiscal and monetary policies to stimulate the economy, it can result in the recovery of the economy back to normal in short period of time. Leads to continuous investments in the automobile parts industry which is related to other parts and engines in Thailand by large multinational companies that have established their production base in Thailand for exports such as Robert Bosch, Denso, Magna, Continental, ZF and Aisin Seiki. To this, the automobile parts producing industry in Thailand can respond to the domestic demands for parts perfectly both for the original equipment manufacturer (OEM) and the replacement equipment manufacturer (REM). However, the total size of the domestic automobile parts market is approximately 70-75 % from the income of all automotive parts industry in Thailand (Source: www.krungsri.com)

At present, the automotive industry in Thailand has created jobs for many workers. Most of the said manufacturers cluster in the industrial zones in Bangkok and the nearby provinces, for example Samut Prakarn, which has the largest numbers of parts manufacturing factories follow by Rayong and other provinces such as Chacherngsao and Chonburi. These factories tend to be located near the automotive producing factories.

In general, there are 2 major markets for the automotive parts manufacturers, which are;

1. The Original Equipment Market (OEM) – The manufacturer must produce automobile parts to feed into new automobiles and motorcycle models for automotive companies that set up the production base in Thailand in order to assemble cars for both exports and for domestic market. However, the demand for automotive parts in this group depends on the numbers of cars and motorcycles produced.
2. The Replacement Equipment Market (REM) – This is the market for spares which replace the actual parts when they are damaged or broken from usage since each part have different life spans. The manufacturers that produce these items for the replacement equipment market are large, medium and small manufacturers, resulting in the produced parts being very different in qualities, for example, real spare parts, copied (fake) spare parts and also artificial parts. These are sold to the maintenance service stations of each automotive brand. Usually, the service station does not keep a large stock of spare parts supply, but will only keep the parts which are required often when repairing the automobiles.

Figure 4: Structure of Automotive Producers



Currently there are more than 1,820 automobile parts producers

(Source: Thailand Automotive Institute)

Tier-1 parts producers are producers that specialized in high standard products as determined by the automobile producing companies to be used in the automobile assembling factories (OEM market) and some parts are also sold in the replacement equipment manufacturers market (REM market). At present, there are 720 producers with 47% as multinational companies, 30% as joint ventures and 23% being Thai companies. Most of the tier-1 parts producers are for automobile industries which is about 54% of all tier-1 producers, 28% for motorcycle parts and 18% for producers who deal in both automobile and motorcycle parts together. Tier-2 and tier-3 parts producers are mostly Thai SMEs that has low investment in research and production technology development when compared with the tier-1 parts producers. Therefore they are at a disadvantage when trying to compete in the OEM market. This group of producers is usually just the suppliers or outsourcers for the tier-1 parts producers and/or become the producers in the REM market. Currently there are more than 1,100 companies that produces parts in 2 main categories 1) Original Parts

which are parts or equipment that the automobile companies hire to produce according to the required standards and 2) Replacement Parts which are parts that were made without the quality control by the automobile companies (parts are of lower quality than the original parts) and is aimed for the lower market since the price is cheaper (Source: www.krungsri.com)



The automotive parts industry in Thailand has high costs of labor when compared to new automobile base of production in ASEAN such as Indonesia and Vietnam and also not as advanced as Malaysia in terms of research and development investments. However, the automotive parts industry in Thailand had developed a rather complete supply chain which results in size efficiency, being able to produce parts according to the world standards. Thailand is also advantageous from locating in the middle of ASEAN making automotive parts from Thailand very competitive in terms of exporting when compared with other regions (No.1 in ASEAN for exporting both automobile and motorcycle parts). Presently, Thailand exports automobile parts according to orders from the automobile assembling factories in Malaysia, Indonesia and Vietnam. Moreover, there are exports of parts to other important bases of production around the world following the Global Sourcing policy such as Japan and the USA. The income from exports is approximately 25-30% of the total income of the parts producing industry which is further divided into 70% in the OEM market and 30% in the REM market. The main exporting parts from Thailand are engines, electrical cords, chassis, windows, gears, tyres, including parts produced from rubber (Source: www.krungsri.com).

The tendency in technological competition of the automobile industry in the World market has come to a change under the trend in environment protection, energy conservation and reducing green house effect. The World automobile market has moved towards smaller vehicles which leads to searching for production bases with lower costs with the tendency for the producers to increasingly invest and develop electric vehicle and batteries. However, the development of the electric vehicle industry still possess a lot of problems from structural factors to batteries development (to replace internal combustion engine) including the change in vehicles usage behavior for the target market in the Asia Pacific and the Middle East which are estimated to not yet adapt with the electric vehicle so rapidly. Therefore, the development of electric vehicle will not result in a giant leap similar to the Eco-car in the past, which, from the estimation, will take at least another 10 years until electric vehicle become significant in the automobile producing industry.

Electrical Parts and the Electronic Industries

The exports of electrical goods from Thailand in the first half of the year 2017 was equal to 11,910 million USD, a growth of 9.9% YoY. This is due to the continuous recovery of the exporting target markets which are the USA, Europe, Japan and China (47% of total exports of electrical goods). The increase in main exported electrical goods are air conditioner with the value of 2,801 million USD (+14% YoY), washing machine with the value of 703 million USD (+41.6% YoY), television with the value of 1,392 million USD (+3.3% YoY), and other electrical goods (ie. fans, microwaves, water heater) with the value of 5,315 million USD (+18.2% YoY). The exports of electrical goods that had declined are refrigerators with the value of 955 million USD (-0.08% YoY), radio with the value of 262 million USD (-0.9% YoY) and compressor with the value of 483 million USD (-6.1% YoY).

In the first half of the year 2017, the domestic market of the electrical goods had shrunk 3% in terms of value and the sales was at 7.5 million units, ad 16.5% YOY decrease. This is due to the lower temperature from the year before and the result from previously buying cooling electrical goods during the El Nino crisis, making the sales of air conditioner and compressors decrease by 12.0% YoY and 6.6% YoY respectively while the sales from other electrical goods such as television and rice cookers also decrease 28.6% YoY following the downturn of the real estate market.

The domestic electrical goods industry had been improving since the second half of the year 2017 all the way to 2018 – 2020 and will start to expand. The supporting factors from the economic recovery and the increase in households' purchasing powers after the recovery from the debts of the First Car policy and the activity in the real estate market, resulting in more demands for electrical goods. Additionally, some of the consumers had already purchased electrical several years ago and will have to buy new products according to the replacement cycle. Also, it is expected that the consumers will hope to see new market strategies from the electrical goods companies to help promoting sales since the market had been slumped for continuously for many years. However, an increase in market competition and me cause strains on the costs and reduce the profits of the producers.

The value of the exports for electrical goods will continue to grow due to the recovery of the World economy together with the fact that Thailand is a significant exporting base for cooling electrical goods of the world and many large multinational companies still have plans to continuously invest in Thailand as their base of production and exports.

In the middle to long term, the electrical goods industry in Thailand still has many opportunities to grow due to the development of the Eastern Economic Corridor (EEC) that the Government had been paying attention to as the new industrial area of the future or the "Industry 4.0" which will help attracting investments into Thailand for innovation development in the electrical goods industry that has high competition such as cooling group and white goods, which is in accordance with the higher demand for goods with advanced technology (Source: www.krungsri.com)

Agricultural Machinery Parts Industries

Nowadays, there are only 2 major manufacturers in Thailand, while the rest are companies that import parts to assemble in the country. The domestic manufacturers own about 70% of the market share for the total of sales and the rest is for the importers (including the imports of new and second-hand cars) and if judging from the structure of the market divide by regions, we can see that, the North-Eastern region is the largest market with the market share of about 60% of the total numbers of tractors sold (*Source: The Office of Industrial Economics*).

The Federation of Thai Industry (FTI) estimated that the sales of agricultural machineries in 2018 will be 220,000 million Baht, a 10% increase in comparison to 2017 at 200,000 million Baht (domestic sales of 70% and 30% exports), which is not a large increase since the price of agricultural product is still relatively low. Also, the FTI had predicted that exports has a tendency to decline since the producers of Thai agricultural machineries have relocated to invest more in the ASEAN countries such as Myanmar, Lao PDR, Cambodia, Indonesia and Philippines. Recently, about 10 producers have already moved to invest abroad. Famous Thai agricultural machineries are for example, rice mill used in large factories, small household rice mill including sugar cane harvesters and cassava harvesters (*Source: Bangkokbiznews 19th February 2018*)

Thailand exports agricultural machineries to more than 40 countries all over the world. following the government's policy of promoting Thai agricultural machineries since it is a core industry for the development of the Thai economy and increasing the overall value of the industrial sector. Important exporting agricultural machineries are walking tractor followed by rice milling machine, farm tractors, water pumps and harvesters. The mentioned items were originally machineries which were in demand for the ASEAN countries for farming purposes, but the new emerging target countries also have an interest in the Thai agricultural machineries such as the African countries, where the agricultural development policies are similar to Thailand. At the same time, the neighboring countries such as Cambodia had been expanding economically, resulting in consumers paying more attention to healthier products, especially organic fruits and vegetables and also because of the government's policy which encourages value added to the agricultural products in order to reduce poverty requiring the agricultural sector to rely on a more efficient agricultural machineries and equipment (*Source: Department of International Trade Promotion*).

5.2.3 Economic Trend in 2018

Factors which continuous attention must be given to in 2018 include the trend of the World's economy which is still unstable due to the US trade policies under the new President which have the tendency to be deprived of trade, the BREXIT, the recovery of the European, Japanese and the Chinese economy which may not be as expected, the fluctuation of the money and capital market from the differences in the monetary and fiscal policies of the World's leading core economic countries, including the tendency to increase the rates of interest of the FED (*Source: The Federation of Thai Industries*).

It is estimated that in the year 2018, the domestic market for parts will expand 1-3% due to the demands of the OEM parts which grows according to the amount of domestic automobiles production of

around 1-2% from the recovery of the Thai economy and following the Eco-car investment plan. The production of motorcycle in 2018 will expand 2-4% due to an expected increase in the price of agricultural products and the rise of the products' output after the drought crisis since the second half of 2016 resulting in a recovery of the agricultural sector. Moreover, there will be supporting factors from the election campaign (expected to be an election in Thailand towards the end of 2018) which will generate a lot of liquidity, the production of large motorcycles is expected to increase following the relocation of the World-class brand's exports. The REM market will continue to grow according to the registered license of more than 5 year which are the target group that needs to swap the parts for repairing and maintenance.

The exports of parts have a tendency to grow continuously following the higher demands of parts from the spread of the production base within ASEAN and from parts producers moving to invest in Thailand more, especially the Japanese who have adequate funding, technology and possess automobile production networks from all over the world, resulting in the improvement of technology and quality for the parts producing industry in Thailand and can continue to export and compete globally. However, there are over 1,100 Thai producers who are mostly tier-2 and tier-3 REM parts producers that may face the risks from foreign investors, especially the Japanese SME, that relocates to establish the base of production in Thailand and compete more in the REM market (Source: www.krungsri.com)

5.3 Purchasing Process and Services

5.3.1 Factory and Office

The factory and the office of the Company are located in the Rojana Industrial Park, T. Nong-Bua, A. Ban-Khai, Rayong. As of 2017, there are 14 acres and 149.6 meters of land with 8 buildings consist of 2 office buildings, 1 storey and 3 storey, including 6 factory building and warehouse

5.3.2 Production Capacity

From 2015 to 2017, the production capacity of the Company is as follows;

(Unit: ton)

	2015	2016	2017
Production Capacity*	2,600	2,600	2,800
Production Output	1,460	1,456	1,456
Output to Capacity Ratio (%)	56	56	52

Remarks: * The production capacity of the Company is calculated by estimating the quantity of ingredient used in production and times by the numbers of machines in the given time.

The production capacity and output in 2017 had increased from the year 2016 but the output had not changed much when compared with the previous year. This is due to the introduction of new machineries in response to an increase in demands of the customers. The Company has plans to constantly improve the efficiency of the machineries and try to adjust the production capacity and output to be in accordance with the demands of the customers yearly so that it will not affect the trusts and the satisfaction

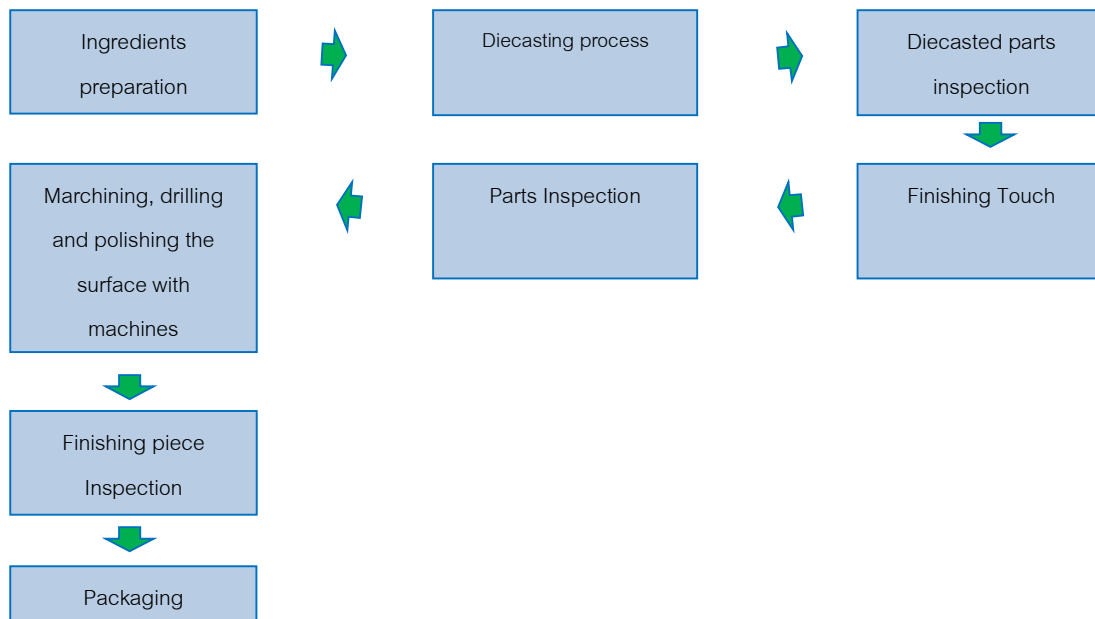
of the customers. This is no different from the year 2015, however, there had been less production in the beginning of the year when compared to the end of the year (4th quarter) with higher output capacity. As for 2017, there will be the need for higher output capacity resulting in the orders for new machineries to increase the production in 2017 in response to the demands of the customers.

5.3.3 Production Process

The Company produces Aluminum and Zinc parts as ordered by the customers. The Company will then receive a drawing or product samples and estimate the production quantity in order to work out the capability in designing the molds and the possibility of producing the parts as ordered. After that, the Company will analyze the costs in designing the molds, costs of making the molds and costs of production, and then the quotation of the parts and/or the molds will be offered to the customers for consideration, depending on the nature of the employment. As soon as the customers approve of the quotation, the Company will take the plans or product samples to design the molds by using computer programs to calculate and display the molds in 3D, and send it off to the molds producing companies to quote the price back to the Company. Once the molds producing companies have been chosen, the molds will take 3 months to produce. When the molds have been completed, the Company, together with the customers, will inspect the molds together by extruding with the molds made, and test the produced sample parts with Co-ordinate Measuring Machine (CMM). After the tests, the parts will be brought to the customers for quality check and further test it by assembling with other parts.

When the aforementioned sample parts have passed the evaluation of the customers, the sales and marketing team will contact the clients to ask for the purchasing orders and delivery plan. Usually the clients will order and determine the delivery time 1 month in advance and will plan for production 1 year in advance so that the Company can appropriately prepare the production plan, gather ingredients and prepare all the equipment properly to meet with customers' demands.

The production process of the Company is as follows;



- **Material Selection and Preparation**

The Company will select the ingredient retailer with the standard that satisfies the customers. Once the material is received, the Company will double check the quality with the material guaranteed certificate from the retailer to make sure that it is suitable for producing the parts. Then the purchasing orders from the customers will be calculated to find out the amounts of material needed and plan for further production.

- **Products Die Casting Process**

The staff on the diecasting machine will install the mold and prepare the machine so that it is ready to use. The ingredient will be put in the furnace with natural gas as fuel for heating and smelt the ingredient into liquid at designated temperature. The injection machine will then inject liquid metal into the mold with high pressure. The temperature will be lowered in order to cool and harden the piece. When the piece is cooled off, the staff will take the piece out of the mold and perform primary fine touches by cutting the edges and the metal lines from the injection out, then put the scraps back into the furnace to be reused again.

- **Diecasted Parts Inspection**

The QC staff will perform a random inspection on the parts to check for sizes and the outer appearances of the parts to be in accordance with the drawings. Important points on parts are checked for with various inspection tools. The random QC inspection is done every 1-2 hours.

- **Finishing Touches**

The pieces that passed the inspection will be fine touched by the staffs. This includes polishing the surface, trimming the edges, drilling and finishing touches on the surface of the parts following the instruction on how to handle each piece. However, the Company may hire a sub-contractor to outsource the finish touches of the parts if the man power of the Company alone is not enough, or if the tools of the Company or the nature of the parts are not appropriate to perform the task.

- **Parts Inspection**

In this process, the QC staff will perform a random check under the check-list of the requirements for both the shape of the parts and the surface area as indicated. A manual will be produced to indicate the location to check and how to check the parts as specified. The random inspection is every 1-2 hours and will be an inspection once again for all finished parts.

- **Machining, Drilling and Polishing the Surface with Machines**

Since some of the parts must be finished with machined to guarantee accuracy and the standards that the customers required, the Company will bring the inspected parts to fine touch, drill and polish the surface with mechanical lathe controlled by Computer Numerical Control (CNC) both in the 2 shafts and 3 shafts in the designated area, according to the products drawings to ensure that it can be used in conjunction with other parts. The QC staff will perform a random check-up in front of the machines every hour and also tests the parts using the jig gauge in order to examine the size and location of the joints, whether or not they are as required.

However, the Company may hire a sub-contractor to outsource the finish touches of the parts if the man power of the Company alone is not enough, or if the tools of the Company or the nature of the parts are not appropriate to perform the task.

- **Finishing Products Inspection**

The piece that had passed the finishing touches with machines will have a detailed random inspection with the CMM and other tools before handing off to the packaging department.

- **Packaging**

The warehouse staff will count the number of parts to be the same with the tag and proceed with the packaging as specified and ready to deliver the products to the customers.

The Company has the procedure to investigate the costs and set the policy to evaluate the items that made a loss to the Company, in which the accounting department will perform an analysis quarterly, follow up on all products that made a loss and report the findings to the CEO every month.

5.3.4 Acquiring the Ingredients for Production

The Company is the producer of Aluminum and Zinc diecasting parts as ordered by the customers. Aluminum and Zinc that the Company uses are Aluminum alloy and Zinc alloy. Aluminum and Zinc have the mixtures of other elements making it unique and has the suitability for various types of work. Therefore, the ratio of ordering the ingredient will depend on the volume of the orders. In the past, the majority of work that the Company has done have been Aluminum parts where the Company orders from 7 domestic retailers. Since the Company has the policy of spread ordering to reduce the risk of relying heavily on any particular retailer, the orders of ingredient will spread over many retailers with the different volume ordered, depending on the price of each retailer. The Company receives a monthly quotation by the retailers for the change in price of the ingredient.

For the ingredient selection process, the Company pays great attention to the quality of the ingredient. The ingredient ordered must be at the exact level of standard indicated, which the company will proceed to check for the quality with the guarantee certificate of the retailer that comes together every time upon ordering the ingredient. After that, the Company will take a portion of the ingredient to test and see whether or not it is in accordance with the certificate. The whole ordering process takes about 1-2 days.

To select an ingredient retailer, the Company will evaluate whether or not the retailers had passed the requirements of the Company and then collect the lists of those who passed in the ingredient retailer lists. Every time there is a purchase, the Company will compare the price with at least 2 other retailers from the lists to ensure that the ingredients bought are of the best quality and at the best price. The list of ingredient retailers will be revised annually.

5.3.5 Environmental Impact

The Company is fully aware of the impact to the environment and has devised series of policies to prevent the pollution problems to ensure that the Company's operation does not affect the environment. In addition, the Company has set aside a budget to look after the environment sufficiently by constructing

a wastewater treatment facility inside the factory and hiring an external company to manage and treat the Company's waste products, for example, used oil, contaminated containers and sludge from wastewater treatment.

The Company also has received the Certificate in Environmental Management ISO 14001:2004 on 15th July 2008, And is in the process of requesting the international certified standards ISO14001:2015 next year. has the honor of receiving the certificate for the company with Environmental Good Governance under the Ministry of Industry, and the Certificate of Green Industry level 3 for systemic management of the environment with evaluation and revision procedures for sustainable growth and lastly the CSR DIW award from the Ministry of Industry in September 2013, which is the equivalent to ISO 26000, the development of industrial factory in the socially responsible way.

5.4 Unfinished Projects

The molds for producing parts to be sold to the customers with the pre-paid value of 10,547,500 is due to the agreement of installed payment with the final installment is the approval of the production.

6. Risk Factors

This is the risk factors in the company's business which may significantly affect the operation and the performance of the company. The guidelines for risks prevention can be summarized as follow;

6.1 Risks from the dependency to the major customers

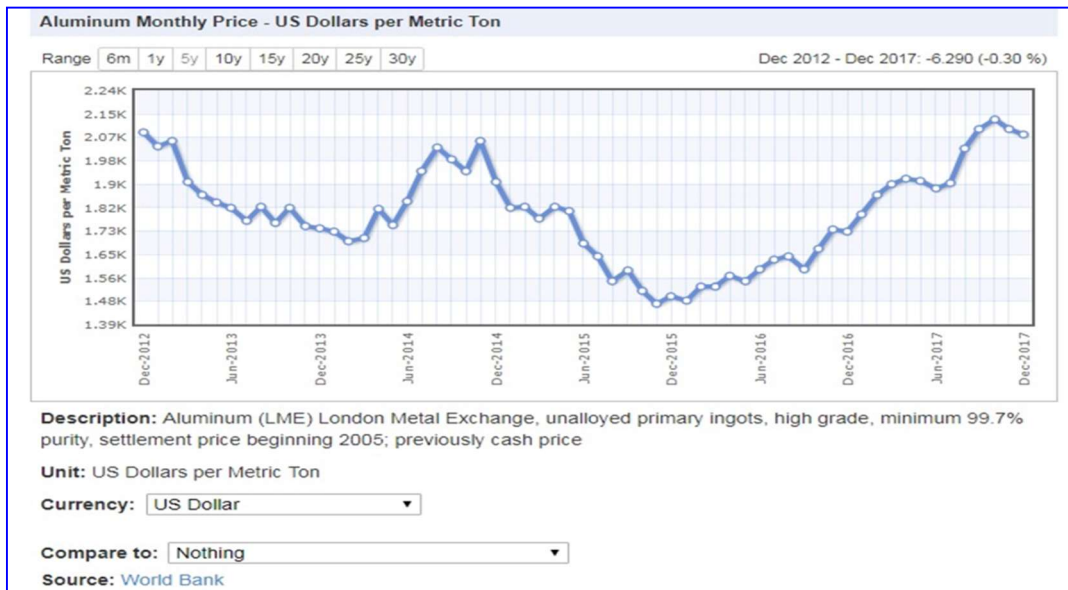
The company business revolves around making products by order of the customers where in 2017, the company had 2 major customers to whom the sales value consists of more than 10% each company, totaling to 39.65% of all the sales and services. In the past, the company's income from the top 10 major customers in 2015, 2016, and 2017 were 85.22%, 80.63 %, and 83.25% respectively. This means that the revenue of the company will be affected if those major customers have a change in their purchasing policies.

However, these major customers have had a long history of purchasing from the company and the company itself has had regular contacts with the customers in order to foresee any possible changes in sales pattern. Most of the customers will have an estimation for the company at least 1 month in advance, meaning that the company can predict the changes in the productions ordered to a certain extent. Also, the company has the policy to control the sales made to each of the clients to be no more than 30% of the total sales volume. This is to prevent any effect to the company's revenue should the major clients were to change.

6.2 Risks from the fluctuation in the costs of raw materials

The company produces parts which are used as components in building automobiles, motorcycles, electronic goods, agricultural machineries and many others, which uses aluminum bar as the main ingredient, costing 31.52 % of all sales and services in 2017. The price of aluminum has fluctuated greatly since 2011 as can be seen from a small increase in the world market price, in the world market price from 2,038 USD per ton in the beginning of December 2012 to 2,080USD per ton in December 2017, or a 2.06% increase in price during that time.

Price of Aluminum between December 2012 – December 2017



Source: Monthly world prices of commodities and indice, World Banks

The main factor for the price fluctuation is due to the overproduction exceeding the market demand following the raw materials exports policy of many countries. This includes the ban on Aluminum exports in Indonesia which was enforced in the beginning of 2014,

Due to the global subprime crisis, the price of consuming goods have been on the downward trend, resulting in the recovery of the Aluminum prices to the peak during April of 2011 at \$2,801 per ton while the average price for World Aluminum in 2012 was at \$2,056 per ton, a \$403 reduction per ton or 16.4% decrease. The average price of the year 2012 (January - August) was equal to \$1,915 per ton while the World Aluminum price continued to fall in 2013 with the average price (January - April) of \$1,736 per ton, a \$246 decrease from the previous year or at 12.4%. The main factor contributing to the reduction in price was due to the supply which was produced higher more than the market demand.

As for the estimation of the World Aluminum price, Macquarie Group, a financial and investment institution from Australia, had published an article estimating the Aluminum prices during 2013 - 2020. The article estimated that the price of Aluminum will increase due to the continuous demands globally. The global consumption of Aluminum will continue to rise approximately 5.05% per year between the year 2013 - 2020 while the World's production capacity of Aluminum will expand less than 4.15% per year in the same period.

Although the falling in the price of Aluminum have affected the Company positively in terms of the costs of production, by adjusting the price of some products according to the costs of the materials for some customers as the price of raw materials increase to the agreed level, or revise the final price periodically. However, the Company may face certain risks in the case that the price cannot be adjusted according to all of the materials' price changes, for example, the price of raw materials do not reach the agreed level, or the

costs of production increases while the time for the price revision have not yet arrived. In response to this, the Company closely tracks all the price movements of Aluminum in the market, in order to prevent the said issue.

As for the purchasing of the Aluminum, which is the main ingredient in the production, the Company had scheduled the orders in advance according to the production plan of the Company. Additionally, the Company had selected the most suitable Aluminum providers with the quality and requirements for production for the total of 13 companies to lessen the risk of materials insufficiency.

As for the risks in terms of labour costs and raw materials, due to the announcement of the Cabinet to increase the minimum wage for the whole country enforcing on the 1st of April 2017, this affected the cost of production and the price of raw materials where the suppliers had to increase the price following the rise of the minimum wage. The situation resulted in the Company earning less profit. In response, the Company focused on increasing the efficiency of the employees while maintaining the same amount of employees or decreasing in some areas to compensate for the higher minimum wage.

6.3 Risks from the deterioration of the client's mold

The company uses its own molds to produce parts but there are also molds that belong to the customers. Therefore, the company must seek the permission from the customers first before fixing or requesting new molds. The problem arises when the molds deteriorate which will reflect in the quality of the products, but since the company must maintain a steady relationship with the customers, it becomes the cost of the company to fix the imperfect or the unqualified parts. If the company takes a long time in repairing or preparing the new molds, even though it is dependent on the customers whether or not they can provide the company with the molds, it will reflect in the operation of the company. However, the company has regulated a life-time use of the molds and will contact the customers before the molds begin to deteriorate, so that the customers may know the status and can estimate the time frame in providing the company with the new molds.

6.4 Risks from being dependent on the Directors, experienced and skilled individuals

The business requires experienced and skilled personnel in order to operate, especially for designing the molds. This has a direct impact to the possibility of the production, quality of the products and the number of defects as the result. The company requires specialized engineers with experiences in designing molds to do this job and by losing these people, it will affect the operation of the company and the ability to compete. As of 31 December 2017, there are 10 personnel in the company with extensive molds designing skills who have worked for the company, on average, for 9 years and have the experience of working with molds, on average 18 years.

The company clearly distributes tasks and responsibilities to each Directors and members of staff with a suitable data storing system and has the ability to exchange information and news relating to the directors

and staff members constantly. Moreover, there are staff trainings, aimed to establish an understanding in quality and standards in many areas, together with sending the staffs to join the external seminar as a form of human resource investment so that they have a better understanding of the company's operation as a whole and especially to increase the knowledge and skills in molds design. To this, the company provides trainings both internally and externally to reduce the risks of being too dependent on the directors and the main personnel of the company.

6.5 Risks from quality control

The quality of the product is a vital factor in the automobile industry where the cars and motorcycle producers pay a lot of attention to, since it has a direct effect both to the reputation and to the sales of the producers. Low quality products means that the company may lose clients, and could result in the cancellation of the contract in the case that the company cannot produce the products to the standard of the clients which will have a negative effect on the operation and the customers in this industry will lose confidence in the company. Therefore, the company aims to reduce the low quality of the production by setting clear defectives KPI. The company values the importance of quality so much that it has invested in the equipment to examine and control the output quality to match the standards that the customers require. Including the ability to build credibility in the business under the international standards as well.

6.6 Risks from Free Trade Area (FTA) and the change in the government's policy

Since the company involves producing and selling automobile parts, the company may be affected both positively and negatively from the change in custom tax and trade barriers, such that the change in import tax on automobile parts will affect the ability to compete of international competitors. An example of this is the reduction in tax on import parts may encourage the competitors to compete more with the company on pricing and costs. However, at present, the government had agreed with other ASEAN countries under the treaty ASEAN Free Trade Area (AFTA) for the automobile industry with the Common Effective Preferential Tariff (CEPT) where the free trade under AFTA for the automobile parts made within ASEAN will have the custom tax reduced to between 0-5 percent. This will encourage the ASEAN countries to trade more between themselves. Moreover, the challenge in the automobile parts producing industry, in relation to the foreign direct investment in the automobile category, is still increasing. In the year 2016, there were 150 projects which were granted investment supports for the business relating to the automobile industry with the investment budget of 263,185 million Baht. When comparing to foreign direct investment of other countries to ASEAN, it appears that Japan is the largest investor for the automobile industry in the region and has the highest portion of investment in Thailand continuously and more than other competitors such as Indonesia. This demonstrates that Thailand is the main investment base for the automobile industry of the region. Presently the Government had supported the policy in restructuring the vehicle tax which was enforced on 1st January 2016 by taking into account the efficient use of energy, environmental friendly, safety, using

renewable energy and the vehicle's CO₂ emission. The Government still supports the automobile industry continuously with the tax reduction program for eco-car, vehicles using both NGV gas with petrol, hybrid cars and cars using gasohol e85 which is the important factors for the Thai automobile industry in the long term. The changes in the said policy will positively affect the automobile industry which is the core customers of the Company. However, the Company had also focused on the development of products and the skill of the employees, for example, participating in various seminars, including establishing the learning center within the Company to provide a source of knowledge in terms of industrial and production technology and encourage education, continuous personnel development in order to compete and to prepare the employees for fiercer competition and also to support a variety of production from a divers industry.

6.7 Risks from the shortages of labour

At present, many work establishments have strong competition for skilled labors which imposes the risks of the Company facing shortages of labor or having to hire workers at a higher wage rate. In addition, the 300 Baht minimum wage policy will result in the increase in wage rate on average or even losing the current skilled workers which will directly affect the Company's operation. However, the Company emphasizes greatly on the wellbeing of the staffs and provides a variety of benefits for example, the canteen, lunch fees, transportation fees and staffs shuttle buses, in order to prevent the relocation of the workers, especially skilled labors which is considered the backbone of the Company. Other than that, the Company also hires other establishments for jobs that require physical works such as finishing the work piece and painting, so that there is flexibility in the production line and can lessen the effect on labor competition.

6.8 Risks from the closely related business run by the major share-holders of the company.

The Pinthong Group, which is the major share holder of the company with 46.43% paid - in capital as of 31 December 2017, contains the following automobile parts producing which is the same as the company as follows;

Name	Type of Business
Futaba JTW (Thailand) Co.,Ltd	Produce parts and components for steel molds
Excel Metal Forging Co.,Ltd	Produce parts for automobiles, machineries and various power tools by press stamping
Jutha Wan Molitec (Thailand) Co.,Ltd	Produce and sell reel able cord and springs parts for vacuum
Thai Industrial Parts Co.,Ltd	Produce parts for automobiles and electronical goods with hot press and cold press
Jutha Wan Metal Lab Co.,Ltd	All kinds of steel hardening

Name	Type of Business
S.K.J Metal Industry Co.,Ltd	Produce shafts and stainless wires
Architect Metal Work Co.,Ltd	Design and produce stainless steel products

Since the companies in the Pinthong Group uses different kind of production techniques and materials, the final products and the quality will be very different. The parts produced will be suitable for a very different kind of industry. This means that there is no risk in competing with these companies. Instead, it will be a chance for the company to meet and get in contact with the existing clients from the Pinthong Group and has the chance to reach out to those who may be interested in the company's products and increase the business opportunities.

7. Company Profile and General Information

7.1 General information

Name of Company (Thai)	:	บริษัท ชังโกะ ไดคาสติง (ประเทศไทย) จำกัด (มหาชน)
Name of Company (English)	:	Sanko Diecasting (Thailand) Public Company Limited
Company Registration	:	0107552000235
Type of Business	:	Produce die casting parts from aluminum and zinc
Head Office Address	:	3/14 M.2 Rojana Industrial Park, T. Nong-Bua, A. Ban-Khai, Rayong 21120
Telephone Number	:	033-010-701-05
Fax Number	:	033-010-706
Website	:	www.sankothai.net
Registered Capital	:	150,340,812.50 Baht
Paid-in Capital	:	149,494,502.00 Baht
Par Value	:	0.50 Baht
Security Registrar	:	Thailand Securities Depository Co., Ltd. 93 The Stock Exchange of Thailand Building, Rachadapisek Rd, Dindaeng, Bangkok 10400, Thailand Telephone 02-009-9000 Fax 02-009-9991
Auditor	:	Siam Truth Audit Company Limited Preecha Complex Building A, 8th F, 338, Rachadapisek Road Soi 20, Samsennok, Huaykwang, Bangkok, 10310, Thailand Tel. 02-757-9599 , 094-5593894 http://www.siamtruth.com
Legal Advisor	:	Ms. Chanidapa Praditsin

8. Assets and Shareholders Information

8.1 Amount of registered capital and paid-in capital

1) Common Stock

The company has registered capital equal to 150,340,812.50 Baht (One hundred and fifty million three hundred and forty thousand eight hundred and twelve Baht and fifty Satang.) which is divided into 300,681,625 common stocks (Three hundred million six hundred and eighty one thousand six hundred and twenty five) with 0.50 baht per share. At present, the value of the paid-in capital is equal to 149,547,481.50 Baht (One hundred and forty nine million five hundred and forty seven thousand four hundred and eighty one Baht and fifty Satang)

2) Stock-purchase Warrant

At the first special shareholders meeting 1/2012 held during 30th May 2012, the board has agreed to issue a named and non-transferrable stock-purchase warrant to the board of directors and staff members of the company (stock-purchase warrant) for a total amount of 6,000,000 units which will be distributed and sold as common stock to the public with the offer at 0 Baht per unit. The warrant has a 5 years expiration date starting from the first day of the offer where 1 unit of the stock-purchase warrant can buy up to 1 stock at the par value of 0.50 Baht per stock (unless there is a change in terms and conditions). The warrant regulation is that for 6 months since the offered date, the warrant holders may use this rights to buy, in the first time, no more than 25% of all warrants distributed by the company. Every 12 months after the first time, warrant holder may use no more than 50%, 75% and 100% of all warrants issued by the company respectively. This will result in the registered capital and paid-in capital of the company equal to 113,000,000 Baht, consisting of 226,000,000 common stocks at 0.50 Baht per stock.

At the Extra Ordinary Shareholders Meeting 1st/2015 that was held on the 9th July, 2015, the resolution was made to adjust the rate of the warrants whereas 1 unit of the warrant can buy 1.16 stocks of the common stocks with the exercise rights of 0.43 Baht since it is the rights offering for raising the capitals to the original shareholders at the price lower than that of the market rate.

At the Board of Director meeting no. 5th/2015 held on the 13th August 2015, the resolution was made to adjust the price of the warrant to 0.50 Baht. This is because one cannot set the exercise rights lower than the par value, and is going against the original regulations.

8.2 The names of the Major shareholders of the company, whose name are present in the shareholders register as of 29th December 2017, are as follows;

No.	Shareholders	As of 29 December 2017	
		Shares	Percentage
1	Pinthong Group ^{1/}	138,858,930	46.43
2	T Engineering Corporation Public Company Limited	44,497,200	14.88
3	Mr. Masami Katsumoto and other	22,807,074	7.63
4	Miss Boonthida Charoensawat	15,122,000	5.06
5	Mr. Jakkaphong Lohajaroensab	5,612,500	1.88
6	Mrs. Supitcha Wasprasertsuk	3,000,000	1.00
7	Miss Jarunee Chutrakul	2,654,900	0.89
8	Mr. Theerathorn Kuharungsoj	2,360,000	0.79
9	Miss Oranuch Methavipath	2,250,000	0.75
10	Other	61,932,359	20.71
Total		299,094,963	100

Remarks: ^{1/}Pinthong Group is under the control of the Pattamaworakulchai family who manage the industrial estate, steel industry, produce parts for industrial sectors and operating cars rental and transportation business.

8.3 The information of securities holding of the Directors and the Executives in year 2017

From Record Date

No.	The Directors and the Executives Name	Position	As December 29, 2017		As December 31, 2016		Acquisitions and disposals during the year	Remarks
			No. of Shares	Ratio (%)	No. of Shares	Ratio (%)		
1	Mr. Masami Katsumoto	Chairman of the Board	22,632,800	7.57%	22,632,800	7.57%	-	spouses and children that have not come of age are not considered owners of the assets
2	Mr. Naohiro Hamada	Director	2,916,000	0.98%	2,916,000	0.98%	-	
3	Mr. Rattawat Suksaichol	Director /Director of Nomination and Remuneration Committee	2,012,576	0.67%	1,784,577	0.60%	purchasing in the stocks market; As August 3, 2017 80,000 Shares As November 21, 2017 49,000 Shares	
4	Mrs. Poonsri Pattamavorakulchai	Director	-	-	-	-	-	
5	Mr. Yuttana Taepangthong	Director / Director of Nomination and Remuneration Committee	-	-	-	-	-	
6	Ms. Valaiporn Kanignunta	Independent Director / Chairman of the Audit Committee	-	-	-	-	-	
7	Mr. Nipan Tungpiruttham	Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee	-	-	-	-	-	

No.	The Directors and the Executives Name	Position	As December 29, 2017		As December 31, 2016		Acquisitions and disposals during the year	Remarks
			No. of Shares	Ratio (%)	No. of Shares	Ratio (%)		
8	Mr. Santi Niamnil	Independent Director / Audit Committee	-	-	-	-	-	
9	Mr. Shigehiro Katsumoto	Sales and Marketing Advisor	174,274	0.06%	174,274	0.06%	-	
10	Mr. Prathom Torteeka	Director of Factory	-	-	-	-	-	
11	Mr. Kiatipoom Poomminun	Director of Sales and Marketing	-	-	-	-	-	
12	Ms. Prapaphan Chanapal	Account and Finance Department Manager	-	-	-	-	-	

9. Dividend Policy

The company has the policy to pay-out its dividends to shareholders no less than 30% of the net profit after tax and all the reserves, provided that the dividends pay-out must not affect the operation, stability, liquidity, expansion and any of the future needs which may arise by the company, as the Board of Directors deem appropriate. However, the said procedures must be in the best interest of the shareholders. The Board of directors will consider, revise and present this to the shareholders in the meeting for approval, unless in the case of interim dividend, where the Board of Directors have the power to authorize as long as the company has earned enough revenue to pay-out without affecting the operation of the company and report to the shareholders in the next meeting.

10. Organization Chart

10.1 Board of Directors

The Board of Directors as of 31st December 2017 consists of 8 members as follows;

Name – Surname		Position
1. Mr. Masami	Katsumoto	Chairman of the Board
2. Mr. Naohiro ^{1/}	Hamada	Director
3. Mr. Rattawat	Suksaichol	Director
4. Mrs. Poonsri ^{1/}	Pattamavorakulchai	Director
5. Mr. Yuttana	Taepangthong	Director
6. Miss Valaiporn	Kanignunta	Independent Director / Chairman of the Audit Committee
7. Mr. Nipan	Tungpiruttham	Independent Director / Audit Committee
8. Mr. Santi	Niamnil	Independent Director / Audit Committee

Remarks: ^{1/}Mrs. Poonsri and Mr. Naohiro Hamada are the representing directors from the the Pinthong Group.

Miss Sakulip Homanee was the Company Secretary

Directors with signing authorization on behalf of the company as of 31st December 2017

The number and name of the directors who are authorized to sign to bind the company are Mr. Masami Katsumoto or Mr. Naohiro Hamada or Mr. Rattawat Suksaichol, jointly sign and affix the company's seal

Audit Committee

The Audit Committee, as of 31st December 2017, consists of 3 members as follows;

Name – Surname		Position
Miss Valaiporn	Kanignunta *	Chairman of the Audit Committee
Mr. Nipan	Tungpiruttham	Audit Committee
Mr. Santi	Niamnil	Audit Committee

Remarks: Miss. Valaiporn Kanignunta is the audit committee with outstanding abilities in the fields of financial statement investigation. She graduated with BA in Accounting, Diploma in Auditing and has various experiences as accounting advisor, for example at SC System Network co.,Ltd, and at Aisin Clutch Disk co.,Ltd.

The committee has appointed Miss Prapaphan Chanapal as the Secretary to the Audit Committee.

Nomination and Remuneration Committee

The Audit Committee, as of 31st December 2017, consists of 3 members as follows;

Name – Surname		Position
Mr. Nipan	Tungpiruttham	Chairman of the Nomination and Remuneration Committee
Mr. Yuttana	Taepangthong	Director
Mr. Rattawat	Suksaichol	Director

Appointed Miss Sakultrip Homanee as the Secretary to the Nomination and Remuneration Committee

Executive Board

Executive Board at of 31 December 2017, consists of 4 members as follows;

Name – Surname		Position
Mr. Masami	Katsumoto	Chairman of the Board
Mr. Rattawat	Suksaichol	Director
Mr. Yuttana	Taepangthong	Director
Mr. Pathom	Torteeka	Director

Appointed Miss Pimporn Chakijdee as the Secretary to the Executive Board.

10.2 Managing Directors

The Managing Directors, as of 31st March 2017, consists of 7 members as follows;

Name – Surname		Position
Mr. Masami	Katsumoto	President
Mr. Rattawat	Suksaichol	Chief Executive Officer and Director of General Management
Mr. Shigehiro	Katsumoto	Sales and Marketing Advisor
Mr. Prathom	Torteeka	Director of Factory
Mr. Kiatipoom	Poomminun	Director of Sales and Marketing
Ms. Prapaphan	Chanapal	Account and Finance Department Manager
Mr. Anant	Tungsunthornthum	Engineering Director

Scope of work of the Chief Executive Officer (CEO)

1. To manage and monitor the Company's business
2. To perform any tasks as assigned by the Board of Directors
3. To consider employment, appointment, transferring of employees, termination of employment, setting salary, remuneration and bonus packages of all employees, except CEO position

4. Authorize to consider and approve the lists of short-term loan within limits of 20 million baht per year for each item.

5. Authorize to approve the common and necessary action in the affairs of company general operation such as Sales and services, Procurement of raw materials., Subcontract or Vender and The service contract, Expense for all management in term of other productions., Approval of machinery / utilities reparation costs. and Rental/Hire Purchase of machinery, equipment for all production, transportation for company officer, transportation for product distribution, equipment and tools including the rental of property etc.

6. Authorize to approve the action of any investment related to manufacturing development and machinery procurement is not exceeding 7 million baht per year.

7. To empower the command, announcement, regulation or memorandum for operation being in line with policies and interest of the Company and to maintain discipline within the organization.

8. To authorize to act and being representative of the company to a third party involved in the business and benefits of the company

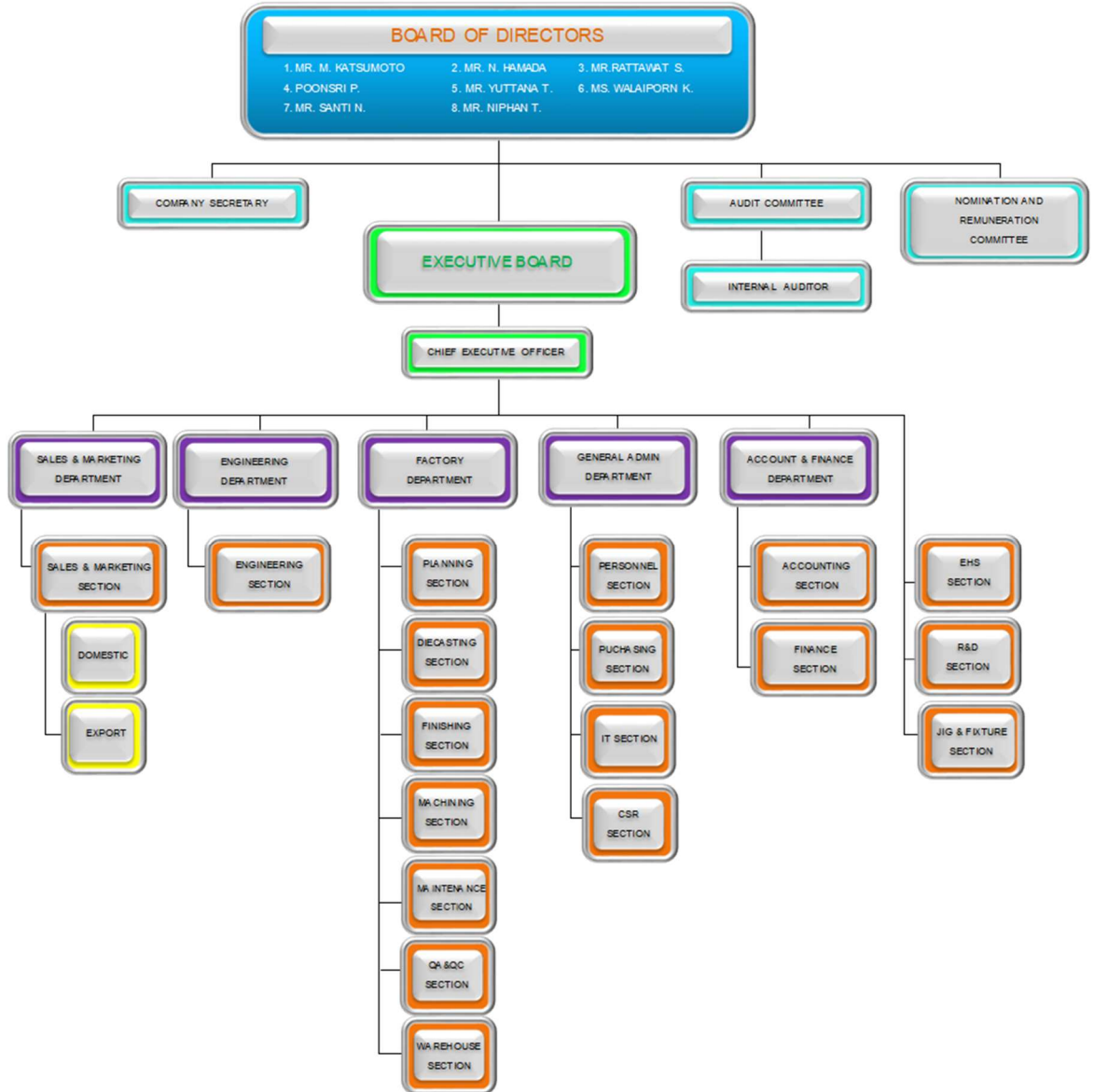
9. To appoint consultant as deemed necessary for the Company's operations

10. Other duties assigned by the Board of Directors

The authority so assigned, however, must not give Chief Executive Office or the persons as authorized the opportunity to consider and approve any transactions that he or his related parties may have interests or conflict of interests of any nature with the Company or its subsidiaries, except for transactions in compliance with Article of Association, SEC and/ or SET criteria that have already been considered and approved by the Board of Directors and/or shareholder's meeting and reviewed by the Audit Committees.

Organization Chart

At 31 December 2017



10.3 Company Secretary

The Board of Director has appointed Miss Sakultrip Homanee as the Company Secretary as of 18th September 2009. The qualification of the Company Secretary is in the attachment no.1 of Annual Registration Statement (Form 56-1)

10.4 Remunerations of Directors and Executives

1. Monetary remuneration

a) Remunerations for the Directors

At the Shareholders Meeting on 27th April 2017, the board has approved to remunerate the directors in the year 2016 as follows;

Name of the Board	Amount of Remuneration
<i>Board of Directors</i>	
Board of Directors Meeting Allowances ^{1/}	5,000 Baht per session
<i>Audit Committee Meeting</i>	
Audit Committee Meeting Allowances	5,000 Baht per session
Monthly fees	5,000 Baht per month

In 2017, the remunerations of the Directors were as follows;

Name - Surname	Remuneration of Directors (Baht)		
	Meeting Allowances	Monthly Fees	Total
Mr. Masami Katsumoto	25,000	-	25,000
Mr. Naohiro Hamada	25,000	-	25,000
Mr. Rattawat Suksaichol	25,000	-	25,000
Mrs. Poonsri Pattamavorakulchai	25,000	-	25,000
Mr. Yuttana Taepangthong	25,000	-	25,000
Ms. Valaiporn Kanignunta	25,000	60,000	85,000
Mr. Nipan Tungpiruttham	25,000	60,000	85,000
Mr. Santi Niamnil	25,000	60,000	85,000
Total	200,000	180,000	380,000

b) Remuneration Committee

In 2017, the remuneration of sub-committee members is summarized as follows:

Name - Surname	Meeting Allowances
1. Mr. Nipan Tungpiruttham	5,000
2. Mr. Yuttana Taepangthong	5,000
3. Mr. Rattawat Suksaichol	5,000
Total	15,000

c) Remunerations for the Executives

In 2017, the company had remunerated the Executives with salaries and bonuses for the total of 7 members amounting to 14.46 million Baht. (Salary 12.94 million Baht, Bonus 1.52 million Baht)

2. Non – monetary Remuneration/ Other benefits

At the first special shareholders meeting 1/2012 held during 30th May 2012, the board has agreed to issue a named and non-transferrable stock-purchase warrant to the board of directors and staff members of the company (stock-purchase warrant) for a total amount of 6,000,000 units which will be distributed and sold as common stock to the public with the offer at 0 Baht per unit. The warrant has a 5 years expiration date starting from the first day of the offer where 1 unit of the stock-purchase warrant can buy up to 1 stock at the par value of 0.50 Baht per stock (unless there is a change in terms and conditions). The board also approves the forming of the Remuneration Committee in order to allot the warrant for directors and the staffs of the company which has more than 5% of all the warrant. This committee includes the 3 Audit Committee members to whom the board agrees to remunerate the extra 50,000 Baht by paying the amount after the stocks are offered to the general public for the first time.

At the Extra Ordinary Shareholders Meeting 1st/2015 that was held on the 9th July, 2015, the resolution was made to assort the common stocks of no more than 589,239 stocks with the value at 0.50 Baht in order to prepare for the adjustment of the employee stocks ownership plan (ESOP), resulting from the quitting and rights offering as follow;

- The ratio with the original 1:1 (1 warrant can buy 1 common stock) was changed to the new ratio of 1:1.16 (1 warrants can buy 1.16 stocks.)
- Change the original price of buying common stocks at 0.50 Baht to the new price at 0.43 Baht per stock.

The meeting of the Board of directors no. 5/2015 held on 13rd August 2015 had considered and approved the adjustment of the exercise price of the stocks warrants of Sanko Diecasting (Thailand) Public Company Limited, to the Employee Stock Ownership Plan (ESOP) from 0.43 Baht to 0.50 Baht per share, according to the original terms

The details of the directors and executives which were given stock – purchase warrant is as follows;

Name – Surname	Position (31 March 2016)	Numbers of warrants received (units)	Percentage of the total warrants distributed to directors and staff members (%)
1. Mr. Masami Katsumoto	Chairman of the Board	600,000	10.00
2. Mr. Naohiro Hamada	Director	200,000	3.33
3. Mr. Rattawat Suksaichol	Director / Chief Executive Officer	600,000	10.00
4. Mr. Shigehiro Katsumoto	Sales and Marketing Advisor	150,000	2.50

Remarks: the first approved allocation with the ratio of 1:1 and once the capital was increased, the ratio was 1:1.16

10.5 Personnel

In 2017, the company has in total 337 members of staff Subcontract 89 person (as of 31th December 2017). The company has paid the remunerations to staff in total 109.30 million Baht in the form of salary, compensation, over time, travel expenses, bonus, per-diem, incentives and benefits.

	No. of Staffs	Remunerations (million baht)	Average per person (Baht : Person : Year)
Production Line	367	53.71	146,336
Administrative and support	59	47.14	962,048
TOTAL	426	100.85	236,728

Remarks: Production Line Staffs are DI FS MC QC PC MT WH JIG R&D

Changes of labour in the past 3 years

Number of Staffs in 2015 – Total 381 (as of December 26th, 2015)

Number of Staffs in 2016 – Total 331 Subcontract 72 person (as of December 26th, 2016)

Number of Staffs in 2017 – Total 337 (as of December 31st, 2017)

Cases of labour disputes in 2017

– NONE

As for remuneration adjustments, in the recent years, the company uses the annual performance evaluation as the baseline to consider bonuses and the annual remunerations. This is to encourage the staffs and is a payoff to their hard work.

The company also provides benefits to the staffs, for example shifts fee, heat fees (supporting fees for staffs that operate the furnace or heat giving machineries), incentive pay, annual health check-ups,

uniforms, and supporting funds to the staffs in the case of marriage, pregnancy and/or give birth, death in the family, retirement funds, healthcare benefits (group insurance) and supporting funds when being admitted to hospitals. Also, the company supports the foundation of Sanko-Thai Credit Union to encourage savings and promote the unity between members of staff.

Finally the human resource development, the company encourages the staffs to develop not only their skills and careers, but also develop the moral values in order to create a happy work place through various activities and seminar, for example;

1. New staffs orientation where the company trains the new staffs to fully understand their rights and roles as a member of the organization. This includes all the benefits, work standards, safety procedures and other organization cultures. During the probation period, the staffs will be evaluated to see how well they have adapted in to the organization and to their responsibilities as new employees.
2. Develop the skills and knowledge through seminars and on the job training with coaching system.
3. Develop the skills though functional expertise so that the staffs can understand and are able to take responsibility in their role, can teach others and can further grow in their career path.
4. Develop personnel through the company's core values by hosting activities that encourage the staffs to improve the following behaviors';
 - Innovation
 - Proactive Working
 - Achievement Orientation
 - Sense of Belonging

In 2017, the Company prepared for the staffs, management, the Directors and the Company's secretary to participate in the seminars both in and outside of the Organization and join the outside institution for the total of 12,485 hours, The details are as follows;

1. Internal training courses by the Company's speakers

No.	Training Course	Levels of Participants / Numbers of Participants					
		Production	Support	Supervisors	Engineers	Assistant Manager/ Manager	Secretary
1	Morning Talk: Opinion expression event "You Suggest, We Proceed"	1	79	25	2		2
2	Wastes separation	3	239	52	9	3	16
3	Training on energy related operation	1	35		1		
4	Encourage the energy conservation following the regulations of the ISO5001 standards on energy management system.	441	75	24	1	20	1
5	Basic Training for work operation	86	1	0	0	1	0
6	Emergency Response Drills: NG leakages (2017)	37		1			
7	Crane operators training, materials assemblers and signalers according to the law.	12					

2. Internal training courses by outside guest speakers

No.	Course	Institution	Levels of Participants / Numbers of Participants					Expenses (Baht)
			Production	Support	Supervisors	Engineers	Assistant Manager - Manager	
1	Advance Excel	Institution of Skill Development	1	14	1	1	2	0
2	APQP&PPAP	STEMMA	-	5		1	2	0
3	ISO 14001:2015 Awareness and Requirements&Internal Environmental Audit	URS Training	-	11	2	1	6	39,520
4	Potentia Failure Mode and Effect Analysis (FMEA)	STEMMA	-	6	3	1	2	0

No.	Course	Institution	Levels of Participants / Numbers of Participants					Expenses (Baht)
			Production	Support	Supervisors	Engineers	Assistant Manager - Manager	
5	Safety Officer: Manager	Safety and Health At Work Promotion Association (Thailand)	16	4	2	1		Safety Officer: Manager
6	Group Insurance Benefits Employee's Group Insurance	Toyota Tsusho (Thailand)	12			1		Group Insurance Benefits Employee's Group Insurance

3. External courses participated by Executives, Directors and employees

No.	Course	Institution	Numbers of Participants	Expenses (Baht)
<u>Directors Level</u>				
1	Seminars on Investors Warning Measures	SET	1	-
2	Seminar on building business connection and information in aviation business and rails systems: "Automotive parts producers development into aviation and rails business"	Thailand Automotive Institute	1	-
<u>Managers Level</u>				
3	Executive Forum on Competitiveness	Thailand Management Association	1	-
4	Investors Connection and Business Negotiation	Ministry of Industry	1	-

No.	Course	Institution	Numbers of Participants	Expenses (Baht)
5	TMA-TEA TALK 2017	TMA	1	-
6	How to prevent risks from foreign currency exchange	Investor Club Association	2	8,560
7	Introduction to E-business	Rayong Federation of Thai Industry	1	0
8	Seminar on building business connection and information in aviation business and rails systems: "Automotive parts producers development into aviation and rails business"	Thailand Automotive Institute	1	-
9	CFO responsibilities and accounting	SET	1	-
<u>Company's Secretary / Executives' Secretary</u>				
10	Company Snapshot Program Training	SET	2	
11	NCPO orders 21/2017 on Adjusting the law to increase convenience in business operation, Article 100	TSD	2	-
12	New Issuer Portal Training	TSD	1	-
13	Newly improved SET Portal disclosure system training	SET	2	-
14	Annual General Shareholders Meeting Evaluation Program "Strive for excellence to AGM 2018"	Thai Investors Association	2	-
<u>Assistant Manager – Manager Level</u>				
15	Introduction to E-business	Rayong Federation of Thai Industry	1	-
16	Anodize Training	Mr. Aeksiree Theerakul	1	3,888
17	Anti-Corruption The Practical Guide ACPG	IOD	1	20,000
18	cost reduction following strict timing in production for the automotive industry	Thailand Automotive Institute	1	3,000
19	Mold skills development (Coaching)	Thailand Automotive Institute	1	3,000

No.	Course	Institution	Numbers of Participants	Expenses (Baht)
20	Executive Coaching: sustainable growth questionnaire evaluation (1 st gen)	SET	1	-
21	Funding requests guidelines and preparation for equipment installation	Engineering and Technology Competition Improvement Research and Development Center	1	-
22	50 topics regarding new labor law – easy summary	Mr. Sitthisak Srithamwattana	1	-
23	Professional QMR	Stemma Co.ltd	1	2,150
24	Controlled factories and buildings' preparations for energy management inspection	Department of Alternative Energy Development and Efficiency	1	-
25	Workshop on reforming the social security system	Social Security Office	1	-
26	VDA 6.3 : 2016 Process Audit	Stemma Co.ltd	1	4,650
27	Oracle Cloud Day	CHIO Marketing	2	-
28	Upgrading and the storing system of the IATF 16949:2016	STEMMA	1	2,444
29	Diecasting injection errors and guidelines on how to resolve the issues.	Thai-German Institute	1	0
30	Operation control by using statistics	STEMMA	2	4,371
31	Money laundering prevention and suppression according to the law	Rayong Co-operative	1	
32	Internal control and supplier evaluation IATF 16949	STEMMA	1	9,672
Engineers Level				
33	Basic fixture design for products inspection	Thai Tool and Die Industry Association	2	-
34	Diecasting injection errors and guidelines on how to resolve the issues.	Thai-German Institute	1	-

No.	Course	Institution	Numbers of Participants	Expenses (Baht)
<u>Supervisor Level</u>				
35	Upgrading and the storing system of the IATF 16949:2016	STEMMA	1	2,444
36	Diecasting injection errors and guidelines on how to resolve the issues.	Thai-German Institute	1	3,745
37	Differences in special tariffs under JTEPA	Investor Club Association	1	
38	Improving Thai logistics for Industry 4.0	Judd Corporation	1	
39	Toxic chemical management in the work place and emergency response	Honor Training Center	1	
40	Asian's largest industrial machinery & Subcon.Exhibition	Bitec	1	14,456
41	Advanced Fire Fighting	NPC Safety Co.ltd,	1	
42	Improving technical skills on dangerous chemicals	District 2 safety office	1	3,745
43	Natural Gas Customers Symposium	PTT Public Company Limited	2	

11. Corporate Governance

11.1 Corporate Governance policy

The Company is fully aware, and gives all its attention to the “Good Corporate Governance”. The Company believes that the good corporate governance reflects the efficient and transparent management system, which will help promoting the confidence of the Shareholders, investors and all parties involved and will ultimately lead to a sustainable growth of the Company and an increase in value. The Company has continuously encourages the implementation of good corporate governance by advising the directors and the management to develop good corporate governance and the practices in accordance with the international standards. This is done by following the good corporate governance, as directed by the Stock Exchange of Thailand, and adapts it to the Company’s corporate governance. Measures are taken to further improve the said policies in accordance with the guidelines of the Stock Exchange of Thailand, which me change in the future to be better suited for the evolving environment of the Company. The practices cover 5 categories as follows;

1. Shareholders’ Rights

The Company is fully aware and gives its utmost attention to the rights of the Shareholders. This is shown by not taking any actions which may violate or reduce the rights of the Shareholders, including encouraging the Shareholders to use their rights. The basic rights of the Shareholders are, trading or transferring shares, sharing profits with the Company, receiving sufficient information about the Company, attending the meetings to use their rights to vote for appointing or removing the directors, appoints the auditors and any issues which have a direct impact to the Company for example, dividend allocation, setting or amending the regulations and the Memorandum of association, decreasing or increasing the capital and authorizing special transactions.

The Company has the policy to promote conveniency for the shareholders, including the institutional investors by holding the meeting in the place with sufficient access from the public transport so that the shareholders can easily attend the meetings. The Company always provides information, dates, time, place and agendas including all relevant information for making decisions to the Shareholders prior to the meeting and also notifies the shareholders about all the requirements, as well as the voting procedures. The Company encourages the Shareholders to exercise their rights to fully attend the meeting and to vote, and also to express their opinions and raise any questions relating to the Company in the meeting. The Shareholders may also submit the inquiries or agendas prior to the meeting. The Shareholders may also appoint a proxy to attend the meeting in the case of their absence.

2. Equal Practice to Shareholders

The Company treats all shares holders fairly and equally, no matter the Shareholders who are Executives, non – Executive, foreign Shareholders and minor shareholders which reinforce the confidence in

the shareholders that the board and the management has taken great care in the spending of the shareholders funds which is the main factor in creating the confidence for investing with the Company. The Board of Directors holds the responsibility to make sure that all shareholders are treated fairly and that all their basic rights have been met equally.

The Board of Directors have arranged for the Shareholders Meeting in a way that encourages equal practice to all shareholders and give the chance even for minor shareholders to propose any individuals to take the position as directors, prior to the meeting and in an appropriate time frame. The Company also allows the shareholders who cannot attend the meeting themselves to let their proxies attend the meeting, and also have the rights to vote in their stead.

The Board of Directors has stated the methods to protect and prevent the use of the internal information in writings and will announce this as guidelines for all members of the organization.

3. Stakeholders' Roles

The Company is fully aware of its responsibility and practices to different groups of stakeholders and will seek the mutual benefits so that all groups of stakeholders can be confident that their rights will be fully protected and well exercised. This has been set as a guideline to follow in order to clearly meet the demands of all groups of the stakeholders as stated in the “**Code of Conducts and Business Ethics**” and will promote the Board of Directors, the management team including the workers to regard this as the fundamental principles for working in the Company and to take it as the important responsibility for all members. The guidelines for responding to the needs of each stakeholder group are as follows.

Shareholders treatment

(1) The Company allows the shareholders who cannot attend the meeting in person to assign a proxy to the Independent Directors or other individuals to attend the meeting in their stead and to vote for the shareholders.

(2) The Company allows the shareholders to propose the agendas and to propose the names of the individuals to be elected as the Directors in the Shareholders Meeting in advance, following the regulations indicated by the Company. The details have been published through the Company's website at <http://www.sankothai.net>, and the proposed names must be submitted to the Company 3 months in advance before the Shareholders Meeting.

(3) The Company will not add extra agendas to the meeting without notifying the shareholders in advance without good reasons, especially significant agendas that requires the shareholders to study the information prior to the meeting.

(4) The Board of Directors allows the shareholders to elect the Directors individually and encourage the voting method so that the process is transparent and verifiable.

(5) The Board of Directors has set up measures to prevent insider trading for individuals including Directors, Executives, staffs and employees including their spouses and underage children that are related to

the information, and also assigns disciplinary actions regarding the disclosure of the Company's information or using the Company's information for personal gains under the "Confidential Information Protection Policy".

(6) Raise the awareness of the Board of Directors and the Company's Executives regarding the responsibility for reporting their ownership of the Company's assets, their spouses' and their underage children's, including reporting the changes to the assets ownership to the Securities and Exchange Commission under the section 275 of the Securities and Exchange Act B.E. 2535 and under the regulations of the Stock Exchange of Thailand.

(7) The Company's Board of Directors and the Executives must announce the buying and selling of the Company's assets at least 1 day before trading the stocks by notifying the Company's secretary, and then the secretary will notify the Board of Directors. When the trading is completed, the report of assets ownership must be made for the Securities and Exchange Commission and the Directors and the Executive must report the changes of the assets ownership to the Board of Directors meeting in order to prevent the buying or selling of stocks using insider information and to avoid any scandals regarding the appropriateness of the stocks trading by inside individuals.

Customers Treatment

(1) Pay attention and be responsible equally to all customers by emphasizing on producing goods with high quality and up to standards, and can respond fully to the demands of the customers. The staffs must protect the customers' confidential information and not using for personal gains before being permitted by the customers including providing quality and professional services at the fair and appropriate price to all customers.

(2) Present quality products that match with the demands of the customers. Reveal all information regarding the products fully and accurately and provide a channel for complaints to allow the customers to comment about the services and proceed as quickly as possible to respond to the customers' requests.

(3) Provide high quality, efficient and excellent services that impress the customers.

(4) Protect and look after the customer's interests appropriately and fairly.

(5) Strictly follow the terms given to the customers. In the case that the terms cannot be followed, quickly notify the customers for solutions.

(6) Treat the customers with respect and be trustworthy.

(7) Deliver quality products on time.

(8) Support the customers' CSR operations

Trade partners and/or creditors treatment

(1) Not requesting, accepting or giving any unethical benefits to trade partners or creditors and follow the agreed terms appropriately and fairly.

(2) The purchasing and sub-contracting of the companies of or relating to the companies of the Directors, Executives or all levels of staffs, must be under the principle of equality, transparency and fair, for

the best interest of the Company, and must be proceeded under the Company's regulations, including revealing all information to the public.

(3) Avoid the purchasing or sub-contracting that holds conflicts of interests with the Company.

(4) All staffs involving with the purchasing or sub-contracting operations must not seek personal gains both directly or indirectly from the trade partners and must remain neutral with no close relations that may influence their decisions.

(5) If incidents that prevents the procedures to go according to the agreed terms or contracts, the staffs in charge must report to the superior immediately and notify the trade partners and/or the officers in advance, in order to come up with the solution together.

(6) Strive to maintain a stable relationship with the trade partners with clear objectives in terms of the product quality and trust in each other.

(7) Treat the creditors equally and fairly and on the basis of mutual benefits on both sides.

Competitors Treatment

(1) Operate fairly within the terms and regulations of the competitions.

(2) Not damaging the reputation of the competitors intentionally.

(3) Not violating the intellectual properties or copyrights.

(4) Not seeking the competitors' confidential information by inappropriate or unethical means.

(5) Treat the competitors according to the laws and regulations according to the international standards.

(6) Keep the connection with the competitors which may be developed as a commercial partner in the future.

Employees Treatment

(1). The Company selects the staffs and the contractors based on the suitability of the qualification and the performance without any prejudice on gender, religious beliefs, nationality, age, birth place or physical condition.

(2). The Company provides sufficient benefits and fair compensations to all members of staff.

(3). The Company provides a safe environment at work for the health, assets and the quality of life of the staffs.

(4). The promotion, relocation including the rewards and penalty of the staffs are done through honesty and under moral principles. This takes into account the knowledge, abilities and the appropriateness of the staffs as the core.

(5). Provide human resource management system; listen to the opinions and the advices of the employees.

(6). The Company gives opportunities for staffs to thoroughly and constantly improve their skills, knowledge and the abilities both for the work and for their daily lives and also encourages them to be able to care for themselves when they reach retirement.

(7). Operate the business by avoiding any actions that are unfair, and treat the employees with respect. Respect the employees' individualities and human dignities according to the international standard of human rights.

(8). Be fair and encourage the employees to improve themselves.

(9). Provide provident funds for the employees.

(10). The Company follows the laws and regulations concerning the staffs strictly.

Community, Society and Environmental Treatment

(1) Not cooperating or supporting customers who operate their business illegally or endangering the society or the country.

(2) Allow the community and the related parties to voice their opinions for all of the projects that may affect the community and to propose their opinions and complaints that resulted from the business operation of the Company.

(3) Be cooperative with operations that follow the international standards or agreements in various issues which are created to protect or reduce the effects on the environment.

(4) Design and develop the manufacturing process, machineries and equipment to control and/or reduce the pollution, including waste water, dust, air pollution and all other waste products.

(5) The staffs responsible for the manufacturing process, machineries and equipment must control the pollution level so that it is no more than the standard limit.

(6) Help reducing the garbage or wastes both from the production process and from general operation.

(7) The staffs responsible for the manufacturing process or the machineries must look after, improve and maintain the production process or the machineries to the required standard in order to reduce the natural resources used.

(8) Be cooperative with the Company's energy conservation policy.

(9) Constantly raise the awareness on the social responsibility and the environment to all levels of staffs.

(10) Carry out community, society and environmental campaigns regularly in order to improve the community where the Organization is established for the better both with own projects and those supported by the government and the community.

Health and Safety for Employees

Occupational Health and Safety Management Policy (OHSA S1800:2007 / TIS 18001:2011)

The Company strives to operate its businesses while promoting the occupational health and safety for all employees and all level of the stakeholders with the following policies;

1. Sanko Diecasting Thailand Public Company Limited will do its best in preventing and reducing the accidents, injuries and sickness from the work place with the help from all employees.

2. Sanko Diecasting Thailand Public Company Limited aims to create the awareness to continuously search for and eliminate all dangers from the production process or any activities relating to the Company's business.

In order to follow up these policies, the Company will;

2.1 Proceed with the development of the occupational health and safety system according to the TIS 18001 and the OHSA 18001 and also under the appropriate regulations, laws and any other terms as agreed upon by the Company.

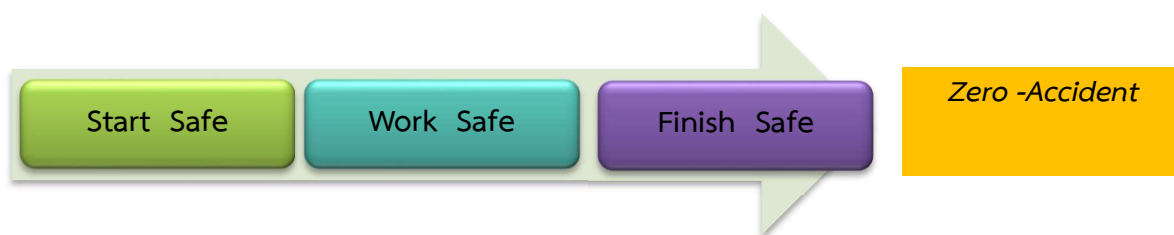
2.2 Proceed with the adjustment and safety prevention from machineries, equipment, fire, chemicals and other dangers relating to the operation, including the reduction of sickness from the work place that are of the moderate level and above, including controlling all sorts of risks in all level of the organization by setting the annual occupational health and safety standard and communicating to all related parties to further practice and continuously develop this system.

2.3 Provide supports in terms of personnel, time, budget and training courses sufficiently and appropriately.

2.4 Emphasizes the employees, contractors and all of the Company's employees to understand that the safety measures is everyone's responsibility, including outside of the workplace as well.

2.5 Revise and evaluate the operation accordingly and continuously so that the progress is acknowledged and to ensure that the policies are carried out through the year.

Safety is considered the most important issue for all levels of employees, including other relating stakeholders. Therefore, the Company manages the occupational health, safety and environment policy according to the OHSAS18001 standard, and also develop the staffs to be able to work safely and foresee the imminent danger by themselves. The Company encourages the staffs to participate in evaluating the safety at the work place, provides thorough inspections and reviews by higher managements in order to support with sufficient resources and constantly improve the system. The Company's aim is to achieve zero accident.



Occupational Health, Safety and Environment Framework



Table comparing the accidents ratio in the past 3 years

Severity / Damages	No. of accidents / Year		
	2015	2016	2017
Minor injuries (no sick leaves)	1	0	4
Minor injuries (less than 3 days leaves)	1	0	0
Major injuries causing leaves (more than 3 days leaves)	3	0	1
Total (times)	5	0	5
Total no. of sick leaves from accident (days)	46	0	3

In 2017, the accidents and the emergencies' statistics in the Organization had improved continuously from the reduction in the number of emergency incidents and lost time due to accidents for 3 days had occurred only once within the year. There were no cases on arson, toxic spillage or explosions throughout the year. This is all thanks to the concerted effort of all members within the Organization from the Executives, the

managements, department managers to all employees for emphasizing and being aware of the occupational health, safety and work environment, including acknowledging the impact of the accidents or emergencies in the work place which may result in the loss of lives or the properties of the Company. Therefore, all members had strictly followed the occupational health and safety regulations.

Occupational Health and Safety in the Workplace

The Company strives to improve safety for the employees and the stakeholders in order to prevent accident, injuries and sickness from work and continuously try to detect, eliminate or control the insecurities regarding the business operation by establishing the occupational health, safety and environment policy at work to act as guidelines for the employees and also publish publicly to all stakeholders through the Company's website (www.sankothai.net) as well.

Safety campaigns are as follows;

1.) Safety Morning Talk

An activity that all department must participate before work each day by discussing the details of the work including the occupational health safety and work environment involved. The said activity helps reducing the mistakes in the operations and the numbers of accident since the details have already been emphasized and explained before starting the work each day.



2.) Laws related safety trainings

The Organization sees the importance in safety, occupational health and environment training for the employees. This allows the employees to work safely and also follow the occupational health, safety and environmental law strictly as well. Moreover, this will reduce the costs from sending the employees to train with an outside entity by having qualified employees train the members of the Organization internally.

2.1 Forklift Safety Training



2.2 Crane operator training including crane signallers, controllers for different types of cranes and review all relating laws and regulations regarding crane operation.



2.3 Chief safety officer training.



2.4 Safety training for general employees and new recruits according to the Occupational Health, Safety and Work Environment Act B.E. 2554



2.5 First Aid and Basic Life Support Workshop



3.) Emergency response drills

To prepare for emergencies that may occur in the Organization, it is necessary for the employees to understand how to operate specialized machineries and tools so that the work can be done safely and correctly. These are; fire drills, chemical spillage drills and gas leak drills. When the emergencies occur, the employees will be able to correctly respond to the incident and prevent the loss of lives or properties.

3.1 Annual Fire Drills (2017)



3.2 Annual Emergency Response Drills: NG Leakages (2017)



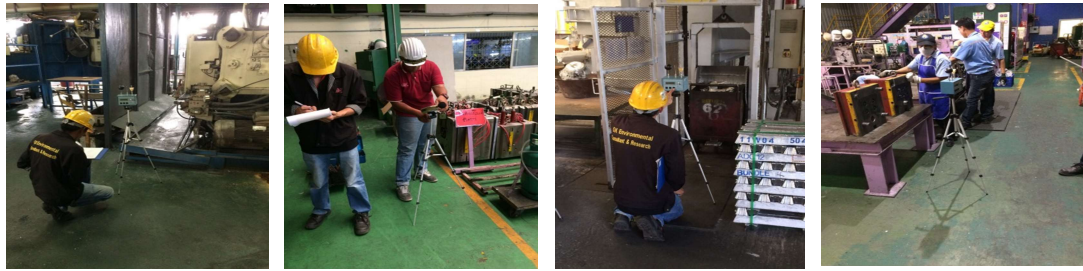
3.3 Annual Furnace Explosion Prevention and Emergencies Containment (2017)



4.) Work environment, tools and machineries inspections as required by the law

In order to prepare and prolong the lifetime usage of the tools and machineries used in the operation including the work environment which directly affect the employees, the Organization emphasized these greatly by arranging the routine work environment inspection for example noise, sound and heat in the workplace including the air pollution and also conduct machines testing annually.

4.1 Annual workplace environment inspection.



4.2 Crane's parts and components inspection as required by the law.



4.3 Natural Gas usage area inspection for license renewal (2017)



5.) Annual Health Check Up

The Company carries out the health checkup for the employees and contractors annually and also provides special health checkup courses according to the risks from various fields of work. This is to prevent the employees from different sickness that may affect the employees and also to strictly abide by the law.



As for risk-averse health check up with abnormal results, the Company had arranged for specialized doctors in the field of occupational health to follow up and provide guidance for employees with abnormal health condition. The result of the employees with abnormal health from the risk-averse checkup had reduced from the year 2016, since the Company had been constantly improving the work environment to be safer and have also been training and educating the employees to work correctly and safely.

Occupational Health, Safety and Environment Inspection

The Company had inspected the work environment and the health of the employees both generally and specifically according to risk factors in order to observe and strategize for improvement. The frequency of the inspection follows the regulations of the development plans and the laws such as;

Work environment inspection (3 years comparison)

Inspection Area	job description	Hot Work (°C) (WBGT)		
		2015	2016	2017
1.Diecasting : Front of Furnace 1	Medium	-	31.4	-
2.Diecasting : Front of Furnace 2	Medium	29.1	31.5	31.1
3.Diecasting : Front of Machine 6	Medium	30.6	31.4	29.6
4.Diecasting : Front of Machine 12	Medium	31.6	31.2	30.8
5.Diecasting : Front of Machine 16	Medium	30.9	31.1	31.7
6. machine 1	Medium	29.5	30.3	28.4
7. machine 2	Medium	28.4	30.8	28
8.Finishing Line	Medium	29.4	30.1	29.9
9.IQC	Medium	30.4	30.5	30
10.Maintenance/Mold	Medium	30.4	31.2	30.2
11.WH	Medium	30.2	30.2	31.4
12. Conservative Building	Medium	30.4	31.0	29.7
Standard		< 32.0		
Evaluation Result		Pass	Pass	Pass

Average sound level measurement for 8 hours average in the work place (3 years comparison)

Inspection Area	Average Sound Level Measurement (dB(A))					
	2015		2016		2017	
	Leq 8 Hrs.	L max	Leq 8 Hrs.	L max	Leq 8 Hrs.	L max
1.Diecasting : Front of Furnace 1	-	-	84.6	108.2	-	-
2.Diecasting : Front of Furnace 2	72.3	94.4	80.3	100.9	74.5	95.7
3.Diecasting : Front of Machine 6	83.1	93.0	87.9	101.5	86.5	99.6
4.Diecasting : Front of Machine 12	84.8	101.3	84.8	108.1	82.5	99.2
5.Diecasting : Front of Machine 16	76.4	90.4	78.5	95.2	85.7	102.7

Inspection Area	Average Sound Level Measurement (dB(A))					
	2015		2016		2017	
	Leq 8 Hrs.	L max	Leq 8 Hrs.	L max	Leq 8 Hrs.	L max
6. Diecasting :Personal Inspection	80.5	101.9	88.4	106.6	84.9	100.3
7. machine 1	79.0	84.6	84.5	101.7	85.7	102.7
8. machine 2	74.8	93.1	86.0	126.5	85	100.9
9. machine 1 : Personal Inspection	71.1	89.2	86.5	101.6	87	102.4
10. machine 2 : Personal Inspection	77.6	86.0	80.4	93.7	86.8	105.4
11.Finishing /Line	57.8	80.4	84.0	96.5	81.1	110.1
12.Finishing / grinder	61.9	81.2	83.9	99.3	86.9	100.1
13.IQC	70.9	88.7	79.0	117.9	69.1	94.2
14.Maintenance/Mold	82.6	96.2	84.8	105.6	75	101.6
15.Diecasting : Factory 1 walkway	74.9	91.5	79.8	90.2	80.8	101.9
16.Diecasting : Factory 2 walkway	72.1	97.7	89.5	107.2	86.7	102.6
17.Diecasting : Factory 3 walkway	70.9	90.8	84.3	94.0	83.6	101.2
18.WH	62.7	80.1	71.1	89.6	69.8	86.9
Standard	<90	<140	<90	<140	<90	<140
Evaluation Result	Pass	Pass	Pass	Pass	Pass	Pass

General sound level measurement (3 years comparison)

Inspection Area	Average Sound Level Measurement (dB(A))					
	2015		2016		2017	
	Leq 24Hrs.	L max	Leq24 Hrs.	L max	Leq24 Hrs.	L max
1. Front of the Factory	66.6	94.9	68.6	93.4	68.8	95.8
2. Back of the Factory	64.7	86.8	64.8	93.7	64.2	93.9
Standard	<70	<115	<70	<115	<70	<115
Evaluation Result	Pass	Pass	Pass	Pass	Pass	Pass

Particulate measure inspection in the work place (3 years comparison)

Inspection Area	Measurement Index	Units	Inspection Result						Standard Value
			2015		2016		2017		
			1 st	2 nd	1 st	2 nd	1 st	2 nd	
1.Diecasting 1 (Front of Furnace)	Zinc Oxide	mg/m ³	-	0.057	0.132	-		-	5
	Lead (Pb)	mg/m ³	-	0.018	0.051	-		-	0.2
	Aluminium	mg/m ³	-	0.026	0.125	-		-	5
	CO	ppm	-	3.8	2.0	-		-	50
2.Diecasting 2 (Front of Furnace)	Zinc Oxide	mg/m ³	0.15	-	0.145	0.035	0.785	0.094	5
	Lead (Pb)	mg/m ³	0.018	-	0.023	0.079	0.518	0.062	0.2
	Aluminium(Al)	mg/m ³	0.028	-	0.134	0.045	0.037	0.033	5
	CO	ppm	4.4	-	3.0	14.7	8.0	6.6	50
3.Diecasting 6 (Front of Furnace)	Silica as Totaldust	mg/m ³	0.017	0.016	0.024	-	<0.001	0.020	5
	Fe Fume	mg/m ³	0.214	0.106	0.253	-	0.579	0.450	10
	Zinc Oxide	mg/m ³	0.03	<0.01	0.141	-	0.575	0.050	5
	CO	ppm	3.0	6.5	2.0	-	11.0	2.4	50
4.Diecasting 12 (Front of Furnace)	Silica as Totaldust	mg/m ³	0.033	0.012	0.012	0.033	<0.001	0.028	5
	Fe Fume	mg/m ³	0.325	0.150	0.241	0.307	1.898	0.583	10
	Zinc Oxide	mg/m ³	0.04	<0.01	0.123	0.031	0.831	0.064	5
	CO	ppm	5.0	5.1	1.0	7.3	6.0	3.5	50
5.Diecasting 16 (Front of Furnace)	Silica as Totaldust	mg/m ³	0.017	0.023	0.024	-	<0.001	0.018	5
	Fe Fume	mg/m ³	0.312	0.206	0.241	-	0.519	0.386	10
	Zinc Oxide	mg/m ³	0.04	<0.01	0.114	-	0.861	0.047	5
	CO	ppm	3.0	8.2	1.0	-	<0.1	0.8	50
6.Diecasting (Personal)	Silica as Totaldust	mg/m ³	0.008	0.016	0.014	0.021	<0.001	<0.001	5
	Fe Fume	mg/m ³	0.101	0.032	0.221	0.018	0.186	0.112	10
	Zinc Oxide	mg/m ³	0.03	<0.01	0.132	0.027	0.048	<0.001	5
	CO	ppm	7.0	3.2	<0.1	2.1	<0.1	2.8	50
7.Machine 1	Phosphorus	mg/m ³	<0.00	<0.00	0.002	<0.00	0.004	<0.00	0.1

Inspection Area	Measurement Index	Units	Inspection Result						Standard Value
			2015		2016		2017		
			1 st	2 nd	1 st	2 nd	1 st	2 nd	
			1	1		1		1	
	IPA	mg/m ³	2.021	<0.01	<0.1	<0.01	<0.1	3.38	980
	Oil Mist	ppm	<0.01	0.021	0.012	0.020	<0.001	0.025	-
8.Machine2	Phosphorus	mg/m ³	<0.00 1	<0.00 1	0.003	<0.00 1	0.006	<0.00 1	0.1
	IPA	mg/m ³	1.744	<0.01	<0.1	<0.01	<0.1	3.55	980
	Oil Mist	ppm	<0.01	0.032	0.011	0.046	<0.001	0.038	-
9.Finishing/ Line	Total Dust	mg/m ³	0.033	-	0.047	-	0.198	0.106	15
	RespirableDust	mg/m ³	0.033	-	0.021	-	0.157	0.036	5
10. FS/ Grinder	Total Dust	mg/m ³	-	-	0.083	-	0.183	0.149	15
	RespirableDust	mg/m ³	-	-	0.062	-	0.017	0.065	5
11.Finishing/SB	Total Dust	mg/m ³	0.033	0.086	0.067	0.075	0.167	0.092	15
	RespirableDust	mg/m ³	0.025	0.029	0.045	0.033	0.108	0.023	5
12.MTMold	Oil Mist	ppm	0.2	0.02	0.011	0.038	<0.001	0.010	-
13.WH	Total Dust	mg/m ³	0.017	-	0.017	-	0.177	-	15
	RespirableDust	mg/m ³	0.025	-	0.011	-	0.095	-	5
14.FS/Line B	Total Dust	mg/m ³	-	0.024	-	0.033	-	0.106	15
	RespirableDust	mg/m ³	-	0.028	-	0.024	-	0.036	5
15.FS/Line L	Total Dust	mg/m ³	-	0.031	-	0.058	-	0.118	15
	RespirableDust	mg/m ³	-	0.022	-	0.033	-	0.040	5
16. FS/ Table grinder	Total Dust	mg/m ³	0.008	0.046	-	0.067	-	0.149	15
	RespirableDust	mg/m ³	0.011	0.020	-	0.050	-	0.065	5
17.IQC	Total Dust	mg/m ³	-	0.043	-	0.058	-	0.094	15
	RespirableDust	mg/m ³	-	0.010	-	0.022	-	0.062	5
Results			Pass	Pass	Pass	Pass	Pass	Pass	

Risk-averse health check up (3 years comparison)

General Health Check Up	2015	2016	2017
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	Watch list	Abnormal	Watch list	Abnormal	Watch list	Abnormal
Hand Grip Dynamometer: HGD	-	-	0	0	0	0
Leg Strength Dynamometer : LSD	-	-	0	0	0	0
Audiometry	35	5	45	7	14	4
Spirometry	49	5	61	14	53	8
Aluminum in Blood (Al)	0		0	0	0	0
Lead in Blood (Pb)		0	0	0	0	0
Hand Grip Dynamometer: HGD			0	0	0	0

As for risk-averse health check up with abnormal results, the Company had arranged for specialized doctors in the field of occupational health to follow up and provide guidance for employees with abnormal health condition.

- The result of audiometry in 2017 had declined since 2016 due to the Company's improvement of the work environment regarding loud noises and educating the employees to protect themselves correctly from external noises.
- There are 8 abnormal spirometry cases which had been reduced from the previous year. The doctor is of the opinion that this had been caused by heavy smoking (6 cases) and cold (2 cases). The doctor had given advice to take care of their health and avoid works that are in contact with dust.
- No other abnormalities were found

4. Information Disclosure and Transparency

The Company prioritizes the disclosing of all important information relating to the Company, both financial and non-financial information through an accurate, complete, on-time and transparent channel which is easy to access, fair and respectable.

The Company believes that the quality of the financial related reports is something that the shareholders and the outside information give the utmost importance to, the Board of Directors will make sure that all the information displayed in the financial reports are accurate and follow the general standard accounting practices and have been evaluated by an independent auditor. The Company has appointed the Audit Committee, which consists of independent directors who takes responsibility for the quality of the financial report and the internal control. The Board of Directors' reports, Audit Committee's report and the auditor's reports are all presented in the Annual Report.(56-2)

Audit Fee

1. Audit Fee

At the General Shareholders Meeting of the year 2015 on 27th April 2015, the meeting approved the Audit fee of the year 2015 to be 800,000 (Eight hundred thousand Baht)

At the General Shareholders Meeting of the year 2016 on 28th April 2016, the meeting approved the Audit fee of the year 2016 to be 900,000 (Nine hundred thousand Baht)

At the General Shareholders Meeting of the year 2017 on 27th April 2017, the meeting approved the Audit fee of the year 2017 to be 1,330,000 (One million three hundred and thirty thousand Baht)

2. Non Audit Fee

-NONE-

Other than disclosing the information through the Company's website at www.sankothai.net, both in Thai and English, for the past year, the Executives of the Company had met with analysts, investors and shareholders as appropriate, for example at the MAI forum hosted by the MAI Stock Exchange and through other appointments for interviewing by the medias and other investors and analysts. In many occasions, the information had been featured in printed

5. Responsibilities of the Board of Directors

The Board of Directors has the vital role of overseeing the operation to ensure the benefits of the Company. The Board of Directors takes action in place of the shareholders and is independent from the management.

The Board of Directors must have leadership, visions and can make an independent decision for the benefits of the Company and for the shareholders. In order to do so, the system is in place to clearly separate the responsibilities between the Board of Directors and the management, and to ensure that all of the Company's activities proceed in a lawful and ethical way.

The Board of Directors consists of personnel with various qualifications, not only skills and experiences but also specialized talents that are useful to the Company, including their devotion and dedication to strengthen the Company and the Board of Directors.

The procedure to elect the Board of Directors, so that they can be appointed by the shareholders, have been done transparently with no influences of the shareholders or from the management team and is assuring to the outside individuals.

To ensure that the Board of Directors can work efficiently and the effectively, the Board of Directors had asked for the Audit Committee to help supporting the directors in the area of financial reports, internal

control system's efficiency and executing the rules, regulations and all codes of ethics to promote good corporate governance.

Each director has a good understanding of their responsibilities as Board of Directors and to operate the Company, always ready to share their opinions independently and constantly improve themselves to adapt to the modern times. The Board of the Directors holds this position with honesty, carefully and thoughtfully by considering the benefits of the Company and being fair to all shareholders, giving all information fully and completely.

11.2 Board of Directors and Subcommittees

1. The Board of Directors

Scope of Authorities of the Board of Directors

The scope of authority, duties and responsibilities of the Board of Directors as concluded in the 2nd Shareholders Meeting on the 15th December 2009 is as follows;

- 1) To manage the Company in compliance with laws, objectives, Article of Association, the legalized resolutions passed at shareholders' meeting with honesty, carefulness and protection of the interests of the Company.
- 2) To appoint the management of the Company from some of directors and / or its executives to take any action as assigned by the Board of Directors and appoint other committee as it determines appropriate
- 3) To determine the Company's target, policy, business plan and budget, as well as supervise and monitor the management to ensure that they conform the Company's policy.
- 4) To review and approve policy, direction, strategic, business plan and large investment projects of the company that proposed by management.
- 5) To monitor the Company's operating performance to ensure ongoing compliance with the plans and budget
- 6) To consider and approve the significant matters relating to the company or any appropriate operations for the best interest of the Company

An exception for the following matters will be made when approved by the shareholders' meeting. In addition, directors cannot approve any transactions that he/she has interests or conflict of interests of any nature with the Company or its subsidiaries.

(A) Subject to laws must be resolved by the shareholders meeting.

(B) The transactions, which directors have interests or conflict of interests under laws or the requirements of the Stock Exchange of Thailand, have required an approval of the shareholders' meeting.

The following matters must be approved by the Board of Directors by majority vote of the directors attending the meeting and the shareholders' meeting by vote of not less than 3 in 4 of the total votes and entitled to vote.

- (A) To sell or transfer entire of the business or a significant part to other parties
- (B) To acquire or transfer other companies or private company
- (C) To change or terminate some or whole of leasing contracts of the Company and assign person to manage the business of the Company or merge with another party with the purpose of sharing profit together.
- (D) Any changes in memorandum of association or article of association.
- (E) Capital increase or reduce, bond issuing, merger and acquisition or liquidate the company
- (F) Any other matters must be approved by the Board of Directors and the Shareholders' Meeting under the securities laws and / or the requirements of the Stock Exchange of Thailand.

2. The Audit Committee

Scope of Authorities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - an opinion on the adequacy of the Company's internal control system,

- an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - an opinion on the suitability of an auditor,
 - an opinion on the transactions that may lead to conflicts of interests,
 - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

In its performance of duties under the first paragraph, the audit committee must be directly responsible to the Company's board of directors, while the Company's board of directors shall remain responsible to third parties for the operations of the Company.

Sub committees

1. Nomination and Remuneration Committee

Scope of Authorities of the Nomination and Remuneration Committee

4.1 Nomination

1. Setting guidelines and policies in nominating Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications, and proposing these ideas for approval by the Board of Directors and/or Shareholders' Meeting as appropriate.
2. Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
3. Executing other tasks related to nominations as assigned by the Board of Directors.
4. Setting guidelines and policies in nominating and evaluating the performance of the Chief Executive officer (CEO) and reporting to the Board of Directors for their consent.

4.2 Remuneration

1. Preparing guidelines and policies in determining the Board of Directors, other sub-committees' remuneration and Chief Executive Officer, and proposing it to the Board of Directors and/or Shareholders' Meeting for approval as appropriate.
2. Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors by taking into consideration each director's duties and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.
3. Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders' Meeting.
4. Reporting policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
5. Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors. The management team and other units have to report or present the information relating to the NRC in order to support the operation of the NRC to achieve their assigned tasks.

2 Executive Board

Authorities and Limitation of the Executive Committee

1. The Executive Committee has the authority in setting the policies, goals, strategies, work procedure and annual budget as designated and also the business activities which must follow the policies, regulations or any other orders by the Board of Directors. Moreover, the Executive Committee is responsible for evaluating, screening, inspecting all issues presented to the Board of Directors for further approval or acknowledgement.
2. The Executive Committee has the power to direct the organizational structure by covering the selection process, trainings, benefits and including the Company's dismissal of the staffs.
3. The Executive Committee may appoint or assign any individual to perform any tasks instead of the Executive Committee as appropriate and that the Executive Committee may cancel, adjust or revise such authorities.

11.3 The selection and the appointment of Directors and Chief Executive Officer

The Selection of Directors and CEO

1. The Board of Directors

The selection of the individuals for the position of the Board of Directors does not come from the nomination committee. The selection of the directors is the responsibility of the Board of Directors which will consider from the qualifications as per the Section 68 of the Public Limited Company Act B.E 2535 and as per the related announcement by the Securities and Exchange Commission. Moreover, the Board of Directors will consider experts from various fields to take up the positions which will be beneficial to the company for advising and giving opinions on many issues. The person must have a strong leadership, visions, morals and ethics with a clean, transparent work profiles and can make an independent decision. Once this is decided, the names will be presented in the Shareholders Meeting for appointment.

Directors shall be elected by the General Meeting of Shareholders under the criteria and procedures as follows;

- a) A shareholder has one vote per one share.
- b) In the election, the shareholders may vote to the nominee individually or many persons at a time depending on the decision of the meeting. The share holders may utilize the vote as per a) to vote, but cannot distribute different amount of votes to many different nominees.
- c) The person who receives the votes of the highest number and the next persons in the order of the number of votes received shall be elected Directors in the number permitted. In case the next persons in the order of the number of votes received obtain equal numbers of votes and the number of such persons exceeds the remaining number of Directors permitted, the Director to be elected therefore shall be decided by the Chairman.

At the Annual General Meeting of shareholders one-third of the Directors, or if their number is not multiple of three, then the number nearest to one-third must retire from office. A retiring director is eligible for re-election. The directors, who will retire in the first and second year after the company is listed, will cast lots to see who will retire in the following years and the director with the longest time on the post will retire from office. The retired directors may be re-elected back into position again.

In case the post of a Director has been vacated owing to reasons other than by completion of his tenure, the Board of Directors shall elect a qualified person, who does not have any prohibitive attributes pursuant to Section 68 of the Public Limited Company Act B.E. 2535 as a replacement Director for subsequent meetings of the Board of Directors unless the remaining period of the tenure is less than two months. The person who becomes a replacement Director may remain so as long as his/her time as Directors allowed, and must have the approval of no less than 3 out of 4 of the remaining directors.

In addition, the Board of Directors must consist of at least 1 in 3 Independent Directors from all of the Company's directors but no less than 3 persons.

The Definition of Independent Directors

“Independent Director” is the person who has no relation at all to the management of the company and/or the operation of the Company’s business. This person is independent from major shareholders and from Company’s executives, including the close relatives of the said people and can express their opinions freely by considering the benefits of the Company and of the Shareholders first.

Qualifications of Independent Directors

1. Must be a person with qualifications that does not violate the rules, regulations and any other applicable laws.
2. Holding shares not exceeding 1% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, or juristic persons which may have conflicts of interests by counting also the shares of relating persons.
3. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years before the appointment date.
4. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company.
5. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before the appointment date.
6. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company. , its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before the appointment date.
7. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, or juristic persons which may have conflict of interests, and not being a significant shareholder, controlling person

or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years before the appointment date.

8. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder of the Company.
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.
10. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
11. Independent Directors must immediately notify the Board of the Directors in any situation which may jeopardize their qualifications as the Independent Director of the Company.

Once the Independent Directors have been appointed as per the above qualifications, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same level subsidiary company, with juristic persons who may have conflict of interests, provided that such decision shall be in the form of collective decision.

2. The Audit Committee

The Board of Directors or the General Shareholders Meeting has the authorization to appoint the Audit Committee. The Audit Committee must have all the qualifications complying with the Securities and Exchange Act, including the announcement, enforcements and/or regulations made by the Securities and Exchange Commission. The Audit Committee must consist of no less than 3 persons with at least 1 auditor with an expertise in accounting and finance.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established for the first time by the Board of Directors' Meeting No.3/2017 on August 10, 2017 to support the good governance of the company. The committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors, sub-committees and Chief executive officer. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and/or to the Shareholders' Meeting.

Composition of the Nomination and Remuneration Committee

1. The NRC is to be appointed by the Board of Directors company's committee and has to comprise of not less than three persons, being the Company's directors and executives.
2. The independent director shall be the Chairman of the NRC.

The Office Term

1. The NRC's member has the office term has a tenure as the term of the Board of Director member.
2. The NRS's member may be re-appointed as the Board of Directors see as appropriate.
3. Apart from vacating upon the end of office term stated in Item 3.1, the Audit Committee's member will retire from the office upon the following conditions:
 1. Resignation
 2. Dismissal by the Board of Directors
4. The Board of Directors has power to appoint a new member of the NRC as to resume the operation and to substitute the member of the NRC who is out of office term according to Item 3.1 or Item 3.3. The substituted member can only be in the office within the remaining term of the member he/she replaced.

4 Executive Board

Requirements and Qualifications

1 The Executive Committee consists of the Chief Executive Officer and no more than 4 others as suggested by the CEO and must be approved by the Board of Directors. However, the Executive Committee will select an individual within the committee to be the Chairman of the Executive Committee and another person to be Vice Chairman.

2 The Executive Committee appoints the secretary of the committee. The role of the secretary of the executive committee is to arrange meetings, gather documents for the meeting and also prepare the meeting minute for the committee every time.

3 The Executive Committee must hold meetings as appropriate but must not be less than once per month.

4 The Chairman of the Executive Committee will call for the Executive Committee Meeting. In the case that the Chairman could not perform his/her duty, the Vice Chairman will do it instead

Terms of the positions

1. In the case that the Executive Director is the Board of Director, let the terms be under the Board of Director.

2. In the case that the Executive Director is the Manager, let the terms be under the Company's Manager.

3. In the case that the Executive Director is an outsider who is neither Director or Manager of the Company or is an outside individual, the position will be as the resolution of the committee.

11.4 New Directors Orientation

When taking up the position of the Company's Director / Independent Director, each director will receive the Director Manual and learn all vital information regarding the Company such as the regulations outlining the limit of the authorities, duties and responsibilities of the Directors, advice on the law, rules and all the terms for being the Directors in a listed Company of the Stock Exchange of Thailand, including the knowledge in the business of the Company.

11.5 Self-Evaluation

Chief Executive Officer

The Remuneration Committee will evaluate the performance of the CEO and the CEO must also perform a self-evaluation assessment according to the CEO evaluation form by the Stock Exchange of Thailand in the 4th quarter annually. The evaluation will be divided into 3 categories as follows;

1. Projects Progression
2. Operation Performance
3. CEO Development

Then the results will be proposed to the Board of Directors for consideration and use the evaluation to further improve the operation and achieve all of the assigned goals. To this, the evaluation of the CEO for the year 2017 had been excellent.

11.6 Trading the Company's stocks and usage of the internal information

All information that may affect the Company's asset values or information that, when disclosed to the public, may cause damages to the Company's reputation or place the Company at the disadvantage, is considered significant and confidential information. Therefore, the preparation, protection or the disclosure of the information must be carried out appropriately, by considering the effects to the stakeholders as a whole and following the indicated laws and regulations and not using such information for personal gains or for other parties as follows;

1.) The Company forbids the Directors, Executives, and the staffs including their spouses and under age children from buying or selling the Company's assets within 1 month before the disclosure of the financial statement or the Company's status including other confidential information and must wait for at least 24 hours after the information has been revealed to the public before buying or selling the Company's assets.

2.) The Directors, Executives, and the staffs including their spouses and under age children are not allowed to use the Company's internal information that may affect the price of the Company's assets that

have not been disclosed to the public in order to trade, offer to buy, trade or persuade other parties to trade into the assets of the Company both directly or indirectly before such information is revealed to the public and achieve their personal gains. Those who violate the regulations will receive disciplinary actions by the Company.

3.) The Directors, Executives, and the staffs are not allow to reveal the confidential and/or internal information of the Company in order to seek personal gains of for the benefits of the other parties both directly or indirectly and whether or not they will be compensated.

4.) Must protect the benefits and the confidential information of the Company and the customers. Do not reveal the confidential information of the Company to the public especially to the competitors, even though one is no longer a Director, Executive of the staff of the Company.

11.7 Board of Directors Meeting

1. Attendance of the Board of Directors Meeting for the year 2017

Name - Surname		Position	Board Meeting	
			No.of Meeting	No. of attendance
1. Mr. Masami	Katsumoto	Chairman of the Board	5	5
2. Mr. Naohiro ^{/1}	Hamada	Director	5	5
3. Mr. Rattawat	Suksaichol	Director	5	5
4. Mrs. Poonsri ^{/1}	Pattamavorakulchai	Director	5	5
5. Mr. Yuttana	Taepangthong	Director	5	5
6. Miss . Valaiporn	Kanignunta	Independent Director / Chairman of the Audit Committee	5	5
7. Mr. Nipan	Tungpiruttham	Independent Director / Audit Committee	5	5
8. Mr. Santi	Niamnil	Independent Director / Audit Committee	5	5

2. Attendance of the Audit Committee's meeting for the year 2017

Name - Surname		Position	Board Meeting	
			No. of Meeting	No. of attendance
Miss . Valaiporn	Kanignunta	Chairman of the Audit Committee	4	4
Mr. Nipan	Tungpiruttham	Audit Committee	4	4
Mr. Santi	Niamnil	Audit Committee	4	3

3. Attendance of the Nomination and Remuneration's meeting for the year 2017

Name - Surname	Position	Board Meeting	
		No. of Meeting	No. of attendance
Mr. Nipan Tungpiruttham	Chairman of the Nomination and Remuneration Committee	1	1
Mr. Yuttana Taepangthong	Director	1	1
Mr. Rattawat Suksaichol	Director	1	1

12. Corporate Social Responsibility (CSR)

12.1 Overview of Policies and Procedures

The Board of Directors is obliged to see the Company and its subsidiaries operating the core business with responsibilities towards the society, the environment and the stakeholders. In 2017, the Company has reviewed its vision, mission and goals and disclosing them in the Company's website under 'Company's Info', in order to act as the main principles for the directors, managers and members of staff, by considering the rights of all stake holders under the code of laws, the regulations of the Company, code of ethics, fairness and equality. The objective is for the managers and the members of staff to follow the socially desirable practices which will lead to sustainable growth and development of the Company.

12.2 Practices under the Corporate Social Responsibility (CSR)

The Company strives to operate its businesses under the code of ethics and the good governance together with the care and responsibility given to the society and the environment, in order to lead the Company to sustainable development, by following the principles of Corporate Social Responsibility (CSR). The Company believes that 'Corporate Sustainability' is the most important factor in managing the organization in the modern day. By setting up the CSR policies so that the managers and the members of staffs can follow as practical guidelines towards the community, society and to the stakeholders, will result in a variety of positive gains to the Company, for example, building on the Company's credentials and building on the positive image of the Company towards the society, etc. The Company utilizes 8 principles of responsibilities as provided by the Stock Exchange of Thailand as follows;

1. Fair Operation Practices

The Company has set a regulation displaying the fair operation practices when doing business with partners and competitors including strictly following the laws so that the Executive Director and members of staff can follow the guidelines as stated Rev. 2017 manual Code of Ethics and the Code of Conduct under section 2) The conflict of interest, The details are as follows;

Conflicts of interests

The Company does not allow the Directors, Executives and the staffs to abuse the power for their personal gains and have laid out the regulations as follows;

1.) The Board of Directors, the Audit Committee and the Executives must consider the conflicts of interests for certain transactions that me related, following the requirements of the stock exchange cautiously, accurately, honestly, within reasons and is independent under the principle of good business ethics by prioritizing the benefits of the Company at its core. This is to make sure that the said transactions are reasonable and is for the benefits of the Company and that the stakeholders have no involvement in the said transactions.

2.) Not performing any actions that are on the contrary to the Company's benefits such as obstructing the benefits of the Company or acquiring portions of the Company's benefits.

3.) Not performing any actions that may compete with the Company's business.

4.) Avoid self-related transactions that may cause a conflict of interest with the Company's benefits.

5.) In the case that certain transactions must be executed, for the benefits of the Company, proceed with the transaction as if dealing with an outside party with written trade contracts as per usual without influences from the position of the Director, Executive or relating individuals and also following the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission for disclosing the information of the said transaction.

6.) The Directors, Executives, staffs and the Company's employees, including the spouses and the children of the said persons are forbidden from seeking personal gains from the Company's business operations for example, performing any actions to sell the goods or services to the Company. If such actions occur, there must be written documents to notify the said actions in all cases.

and in the Code of Ethics, revised in 2017, clause 2.8.2. The Customers treatment policy, details are as following;

The Customers treatment

(1) Pay attention and be responsible equally to all customers by emphasizing on producing goods with high quality and up to standards, and can respond fully to the demands of the customers. The staffs must protect the customers' confidential information and not using for personal gains before being permitted by the customers including providing quality and professional services at the fair and appropriate price to all customers.

(2) Present quality products that match with the demands of the customers. Reveal all information regarding the products fully and accurately and provide a channel for complaints to allow the customers to comment about the services and proceed as quickly as possible to respond to the customers' requests.

(3) Provide high quality, efficient and excellent services that impress the customers.

(4) Protect and look after the customer's interests appropriately and fairly.

(5) Strictly follow the terms given to the customers. In the case that the terms cannot be followed, quickly notify the customers for solutions.

(6) Treat the customers with respect and be trustworthy.

(7) Deliver quality products on time.

(8) Support the customers' CSR operations

and in the Code of Ethics, revised in 2017, clause 2.8.3. The Trade partners and/or creditors treatment policy, details are as following;

Trade partners and/or creditors treatment

(1) Not requesting, accepting or giving any unethical benefits to trade partners or creditors and follow the agreed terms appropriately and fairly.

(2) The purchasing and sub-contracting of the companies of or relating to the companies of the Directors, Executives or all levels of staffs, must be under the principle of equality, transparency and fair, for the best interest of the Company, and must be proceeded under the Company's regulations, including revealing all information to the public.

(3) Avoid the purchasing or sub-contracting that holds conflicts of interests with the Company.

(4) All staffs involving with the purchasing or sub-contracting operations must not seek personal gains both directly or indirectly from the trade partners and must remain neutral with no close relations that may influence their decisions.

(5) If incidents that prevents the procedures to go according to the agreed terms or contracts, the staffs in charge must report to the superior immediately and notify the trade partners and/or the officers in advance, in order to come up with the solution together.

(6) Strive to maintain a stable relationship with the trade partners with clear objectives in terms of the product quality and trust in each other.

(7) Treat the creditors equally and fairly and on the basis of mutual benefits on both sides.

and in the Code of Ethics, revised in 2017, clause 2.8.4. The Trade Competitors Treatment policy, details are as following;

Competitors Treatment

(1) Operate fairly within the terms and regulations of the competitions.

(2) Not damaging the reputation of the competitors intentionally.

(3) Not violating the intellectual properties or copyrights.

(4) Not seeking the competitors' confidential information by inappropriate or unethical means.

(5) Treat the competitors according to the laws and regulations according to the international standards. Keep the connection with the competitors which may be developed as a commercial partner in the future.

2. Anti-Corruption

Sanko Diecasting (Thailand) Public Company Limited aims to operate its businesses by upholding the responsibility to all parties involved. The Company had joined with the "Collective Action Coalition Against Corruption" in order to show its determination in fighting against all forms of corruption. The Company has appropriate policies to direct the responsibilities, guidelines and regulations for the business operation in order to prevent all forms of corruption involving with the Company's business activities and to help deciding and operating the businesses with high risk factors. Therefore, the Company had prepared the "Anti-Corruption Policy" manual to act as clear guidelines when conducting businesses and lead the Organization to sustainable growth. As a result, the Board of Directors, the Executives and the staff including the parties involved must strictly operate the businesses according to the Anti-Corruption Policy.

Anti-corruption Policy

The Directors, Executives and the Company's staffs are forbidden from initiating or accepting any forms of corruption both directly and indirectly by covering all of the Company's business in all countries and all relating organizations. The anti-corruption policy will be frequently inspected, followed and will also be revised to better suit the changing nature of the economy, politics and the business society including the rules, regulations and the terms indicated by the laws.

Responsibilities

- (1) The Board of the Directors is responsible for setting up the policies and provide adequate and efficient anti-corruption support system, so that the management is aware of the importance of the anti-corruption policy and further develop into the Organizational culture.
- (2) The audit committee is responsible for inspecting the financial and accounting report system, internal control system, internal audit system and other procedures relating to the anti-corruption measures so that the system runs efficiently and according to the standards.
- (3) The Executives are responsible for setting up and support the system for the anti-corruption policy in order to communicate with the staffs and all relating personnel, including revising the suitability of the system and all protocols to better adapt with the change in the business, regulations and the laws.
- (4) The internal audit committee is responsible for inspecting and following up with the practice so that the procedures are carried out according to the policy, guidelines, regulations and the laws of the management, in order to be confident with the appropriate control system to prevent the corruption and report directly to the audit committee.

Procedure Guidelines

- (1) The Board of Directors, Executives and all levels of the Company's staffs must follow the anti-corruption policy and the Company's ethics by not involving themselves with corruption both directly and indirectly.
- (2) The Company's staffs must not ignore or neglect any corruptions that involve the Company. The staffs must report the incident to the person in command or any responsible personnel and fully cooperate with the investigation. If there are any questions or inquiries, consult with the person in command or the responsible person regarding the Company's ethics through the various channels provided by the Company.
- (3) The Company will protect the staffs who refuses the corruptions or reports the corruptions which relates to the Company by undergoing the whistle blower protection measures or the staffs who cooperate with the Company in reporting the incident, as indicated under the whistle blower policy.
- (4) Staffs who engage in corruption are considered violating the Company's ethics and will receive disciplinary actions as indicated by the Company. Furthermore, they may face legal charges if the said action is against the law.

- (5) The Company is aware of the importance of the disclosure and the communication between the trade partners and all of the Company's stakeholders or those who may affect the Company, regarding the practice of the anti-corruption policy.
- (6) The Company strives to create and safeguard the Organizational culture that rejects corruptions either to the private sector or to the public sector.

Terms of Procedures

- (1) Any actions following the anti-corruption policy must follow the guidelines as indicated in the Company's ethic manual, regulations and all Company relating guidelines including any other guidelines that may be introduced further by the Company.
- (2) For the sake of transparency regarding corruption incidents with high risks, the Board of the Directors, Executives and the Company's staffs at all levels must proceed with caution in the following issues;

2.1 Gifts - Meals and any expenses for giving presents or receiving of gifts must be in accordance with the Company's ethic and the policy regarding giving gifts, assets and any other Company's benefits.

2.2 Donations or sponsors – Giving or receiving donations or sponsors must be transparent and under the law by making sure that the donation or sponsoring money is not used as an excuse for bribery.

2.3 Business relation and subcontracting with the public sector, trade partners, clients or any parties relating to the Company - Must not give or accept any forms of bribery. The business operation and the communication with all parties relating to those organizations must proceed transparently, honestly and under the law.

Complaints and Advices

The Board of Directors provides the staffs and the stakeholders to have access to multiple channels for suggestions, opinions, complaints or any leads seen in any events or actions which may affect the violation of laws, regulations and/or in conflict with the morals and ethics that could cause the damage to the Company. By the Company sets the guidelines to be acknowledged as follows; The Chairman of the Board of the Audit Committee Sanko Diecasting (Thailand) Public Company Limited 3/14 M.2, T. Nong Bua, A. Ban Kai, Rayong, 21120 Or through the Company's website: www.sankothai.net/investor

The Chairman of the Board or the Audit Committee will receive the information directly by keeping them confidential in order to protect the stakeholders and the witness and will carry on the procedure fairly by referring to the information received and prove it to further handle the situation.

Complement Process when receives complaint

- (1). Gather all the evidence regarding the violation

The complaint recipient will proceed with gathering the information regarding the violation of the ethics personally or assigns appropriate personnel to carry out the process.

(2) Information processing and filtering

The complaint recipient will file the complaint, investigate the case within 7 working days since the day of complaints in order to find appropriate solutions to each case which may involve;

- Report to authorized personnel in order to deal with the issues case by case.
- Report the information to the Audit Committee/auditors to investigate further and process and filter the information.

(3) Assign proceeding measures

The personnel responsible for (2) must indicate the measures to stop the violations of the ethics and compensate the damages to those affected by considering the damages as a whole.

If the appellant is not satisfied with the procedures to stop the complaints, he/she may appeal within 7 days since procedures have started.

(4) Result Reports

The person receiving the complaints is responsible for notifying the appellant of the result according to (3) if the appellant reveals his/her identity

In the case of an emergency, report directly to the Chairman of the Board and/or to the Board of Directors. For example, issues that affect the reputation, images or the financial status of the Company or in conflicts of the Company's business operation or to the high level Executives.

Whistle blowers protection policy

The Company has the whistle blowers protection measures as follows;

(1) The whistle blower may choose to not reveal themselves, if they deem that by revealing themselves will lead to danger or any damages. However, if they choose to reveal themselves, the Organization can report the progress and the information faster and more convenient.

(2) The complaint recipient will keep the related information confidential and will reveal only as necessary by considering the safety and the damages to the whistle blowers, the sources of the information and the relating parties. The whistle blower protection measures will protect those who cooperated and will be guaranteed by the Company to not have their employment terminated, or received disciplinary actions that may negatively affect the staffs in any way.

(3) In the case that the whistle blower feels that they are not safe or may be in danger, the whistle blower may request the Company for an appropriate protection measures or the Company may provide protection measures without the request of the whistle blowers if the issue has the possibility to cause discomfort or harm.

However, in 2017, there were no cases of complaints or leads regarding the corruption to the audit committee.

3. Respecting Human Rights

The Company prioritizes on the respect of human rights, not engaging in actions which violates the human rights and equally treats individuals no matter the sexes, religions, races, age or origins. The Company also hires the hearing impaired and the physically disabled to be in employment with no disregards to any particular sex, As shown in the Human Rights Policy in the work place and the Human Resource Management Policy as shown below

Human Rights Policy in the Workplace

Respecting human rights and understanding human values is considered as the key foundations to human resource development which is an important factor in improving the productions and creating sustainable value to the businesses. Therefore, the Company is always aware and respect the human rights by treating the employees equally regardless of race, color, religion, wealth, disability and sickness, including respecting and accepting the differences in ideology, society, environment, laws and the culture.

The Company had established the human rights policies for the Directors, Executives and all members of staffs to strictly use as guidelines with the details as follows;

1. The Company will treat all employees fairly with equal opportunity to work under rules and regulations of the Company that abides by the law.
2. The Company encourages the employees to exercise their rights as citizens under rightful Constitution and all related laws.
3. The Company will keep the information of the employees private, not revealing or transferring the information to other parties without the consent of the owner unless it is forced by officers of the law.
4. The Company and all members of staff will not support or engage in any activities of the customers, trade partners or other relating parties regarding any human rights violation.
5. The Directors, Executives and the employees will not violate or harass either verbally or physically based on nationality, colour, religions, traditions, class, genders, disabilities, marriage status and other factors based on the international human rights policy.

Filing Complaints on Human Rights Violation

In the case that you have experienced, witnessed or knew of double standards or human rights violation, you can report the claims that has violated the Company's policy or the law to the Remuneration Committee by sending the letter to the CEO or to the Directors of the Remuneration Committee at Sanko Diecasting (Thailand) Public Company Ltd 3/14 Moo. 2, T. Nong Bua, A. Ban Khai, Rayong, 21120 or through the Company's website: www.sankothai.net/investor

Human Resource Management Policy

Sanko Diecasting (Thailand) Public Company Limited is aware that the human resource is the most valuable asset and is the factor which will lead the Organization to success. Therefore, the Company strives to improve the employees' skills as well as encouraging them to be responsible towards the community and

the environment including providing happiness in the work place to the employees. The Company had established human resource management policies as follows;

1. The Company will hire the employees as appropriate to the work by not discriminating and treating everyone equally including women, people with disabilities or other disadvantaged minorities. The employees must pass the requirements and possess suitable abilities as appropriate to the work.
2. The Company will consider and hire people with disabilities that has appropriate conditions to work for the Company. If the Company cannot do so, donations will be given to charities and supporting funds that helps improving the livelihood of people with disabilities as required by the law.
3. The Company has no intention to exploit or violate human rights of children but will support and encourage training and studies in accordance with all related laws and regulations.
4. The employees must uphold all business ethics following the Organization's value and the work regulations strictly.
5. The Company encourages the employees to receive equal opportunities to improve their skills, advance in their career paths and will consider the experiences and the abilities of the employees which also depends on the success of the work according to KPI.
6. The Company will consider the remunerations of the employees fairly by taking into account the work responsibility, economic situation, costs of living, current market wage and also comparing with other relating companies with similar business operations.
7. The Company encourages the employees to have good standards of living, safety and happiness at work by allowing them to be part of the business development.
8. The Company will encourage and maintain the good understanding between the employees and the Executives and also among the employees themselves, including paying attention to the opinions and the trouble of the employees. When received, the Company will take action according to the procedures immediately.

The Executives, Managers and all levels of employees must understand and follow these policies strictly for the sustainable development of the Organization.

And as shown in the business ethic manual under section 3.5 "Political Procedures; personal behaviors and treatment of other employees – Exercising Political Rights" as follows;

Political Preferences

The Company is politically neutral with no preferences or supports towards any major political parties or any individuals with political powers. However, the Company is aware of and respects the rights of the employees regarding political issues where the Company provides the guidelines as follows;

- (1). The Company encourages the staffs to be good Samaritans and exercise their political rights under the Constitutional Laws and any other related laws.

(2). The Company allows freedom of speech and opinion to the staffs concerning politics but not in the name of the Company and that it would not in any way affect the reputation of the Company.

(3). The Company does not participate in any political events and will not give any opinions that may cause misunderstanding that the Company involves with or supports any particular political party or any particular movements which may lead to the disharmony within the Company and in the country.

(4) . The Company will not use its assets to support any political parties or any movements in exchange for unlawful benefits.

4. Fair Treatment of Employee

Code of Conduct for Employee's ethics in the field of self-treatment, customer treatment including all parties involved, the society, staffs treatment, organization treatment and exercising their political rights. The Company lawfully employs their staffs and respect the human rights of the employees by covering the areas of employment, social securities, freedom to socialize, health and safety, and in the Code of Ethics, revised in 2017, clause 3. The Employees' Ethics, details are as following;

Employees' Ethics

The Company is aware of the importance of ethics in regards to business practices. Therefore, the Company indicates the guidelines for the employees to adhere to, as follows;

3.1 Self-Treatment

(1) Perform one's duty diligently, with perseverance, creativity and be self-sacrifice, including improving oneself to be knowledgeable in all areas both for work and in the business field.

(2) Utilize the working hours efficiently and effectively as required. Do not encourage others to use the working hours for other purposes that is not in the best interests of the Company.

(3) Employees must not operate any businesses or invest in anything that may compete or is a conflict of interests to the Company.

(4) Strive to be disciplined and follow the rules, regulations and the culture of the Organization even though they may not be written down.

3.2 Colleagues Treatment

(1). Encourage and protect the unity between the staffs. Cooperate and support each other.

(2). Treat everyone gently and with respect.

(3). Not disrupting the work atmosphere.

(4) . Treat other staffs kindly and not withholding necessary information for the operation to other staffs and constantly improve yourself in order to work with others.

(5). Not engaging in acts of sexual harassment.

(6) . Respect the rights of other staffs in the Organization. Refrain from criticizing others in the way that it may cause damage and not taking others' achievements as your own.

(7). Promote team work, creating love and unity within the Organization.

(8). Not persuading or influencing the rights of colleagues regarding political preferences.

3.3 Superiors Treatment

(1) . Be disciplined and be respectful towards the superiors, not being aggressive, ignorant or performing tasks in place of the superiors unless the tasks was an emergency or was authorized by higher superiors.

(2). Respect, listen to and follow the instructions of the superiors that are in accordance with the rules and regulations of the Company.

(3). Pay attention to the tasks given. Provide opinions and advices honestly and be willing to accept the opinions and criticism from the superiors.

(4). Avoid giving gifts or presents to the superiors.

3.4 Subordinates Treatment

(1). Promote and encourage the subordinates to work honestly, fairly and with creativity.

(2). Be the leader and a good role model in terms of behaviors, discipline and equality.

(3). Use leadership/thoughtfulness to consider and solve the problems carefully.

(4). Train, advice and pass on the experiences and knowledges to the subordinates and follow up the operation to its success.

(5) . Govern the subordinates ethically. Listen to their problems and opinions and provide consultations whole heartedly and reasonably.

The work environment has also been treated in a way that it reflects the safety and quality of life of the staffs while working. The Company provides benefits and salary to the employees correctly according the labor law, prepares recreation activities for staffs to relax, training programs to improve the staffs' skills and also establish provident funds for the staffs as well. In addition, the Company respects all rights of the employees by not bullying or threaten the staffs in anyway, for example, the rights for holiday leaves, personal leaves, sick leaves, the rights to express their opinions towards the work policies freely in which the staffs may submit their suggestions through the Human Resource department of the Company or through their supervisors, and in the Code of Ethics, revised in 2017, clause 2.8.5 The Employees Treatment policy, details are as following;

Employees Treatment

(1). The Company selects the staffs and the contractors based on the suitability of the qualification and the performance without any prejudice on gender, religious beliefs, nationality, age, birth place or physical condition.

(2). The Company provides sufficient benefits and fair compensations to all members of staff.

(3). The Company provides a safe environment at work for the health, assets and the quality of life of the staffs.

(4) . The promotion, relocation including the rewards and penalty of the staffs are done through honesty and under moral principles. This takes into account the knowledge, abilities and the appropriateness of the staffs as the core.

(5). Provide human resource management system; listen to the opinions and the advices of the employees.

(6). The Company gives opportunities for staffs to thoroughly and constantly improve their skills, knowledge and the abilities both for the work and for their daily lives and also encourages them to be able to care for themselves when they reach retirement.

(7). Operate the business by avoiding any actions that are unfair, and treat the employees with respect. Respect the employees' individualities and human dignities according to the international standard of human rights.

(8). Be fair and encourage the employees to improve themselves.

(9). Provide provident funds for the employees.

(10). The Company follows the laws and regulations concerning the staffs strictly.

and in the Code of Ethics, revised in 2017, clause 2.8.6 The Community, Society and Environmental Treatment policy, details are as following;

Community, Society and Environmental Treatment

(1) Not cooperating or supporting customers who operate their business illegally or endangering the society or the country.

(2) Allow the community and the related parties to voice their opinions for all of the projects that may affect the community and to propose their opinions and complaints that resulted from the business operation of the Company.

(3) Be cooperative with operations that follow the international standards or agreements in various issues which are created to protect or reduce the effects on the environment.

(4) Design and develop the manufacturing process, machineries and equipment to control and/or reduce the pollution, including waste water, dust, air pollution and all other waste products.

(5) The staffs responsible for the manufacturing process, machineries and equipment must control the pollution level so that it is no more than the standard limit.

(6) Help reducing the garbage or wastes both from the production process and from general operation.

(7) The staffs responsible for the manufacturing process or the machineries must look after, improve and maintain the production process or the machineries to the required standard in order to reduce the natural resources used.

(8) Be cooperative with the Company's energy conservation policy.

(9) Constantly raise the awareness on the social responsibility and the environment to all levels of staffs.

(10) Carry out community, society and environmental campaigns regularly in order to improve the community where the Organization is established for the better both with own projects and those supported by the government and the community.

5. Responsibility to Consumers

The Company is aware of the efficient services in order to meet the customers' satisfaction in the time provided under strict safety measures and in the Code of Ethics, revised in 2017, clause 2.8.2. The Customers treatment policy, details are as following;

Customers Treatment

(1) Pay attention and be responsible equally to all customers by emphasizing on producing goods with high quality and up to standards, and can respond fully to the demands of the customers. The staffs must protect the customers' confidential information and not using for personal gains before being permitted by the customers including providing quality and professional services at the fair and appropriate price to all customers.

(2) Present quality products that match with the demands of the customers. Reveal all information regarding the products fully and accurately and provide a channel for complaints to allow the customers to comment about the services and proceed as quickly as possible to respond to the customers' requests.

(3) Provide high quality, efficient and excellent services that impress the customers.

(4) Protect and look after the customer's interests appropriately and fairly.

(5) Strictly follow the terms given to the customers. In the case that the terms cannot be followed, quickly notify the customers for solutions.

(6) Treat the customers with respect and be trustworthy.

(7) Deliver quality products on time.

(8) Support the customers' CSR operations

The Company conducts customers' satisfactory surveys annually by using questionnaires that can be divided into 4 sections which are sales section, production section, planning/delivery section and quality section. As for the surveys of the year 2017, the Company had been evaluated by 10 main customer's companies with the results as follows;

Sales Section – 5 categories with average scores of 79.2%

1. The speed of quotation
2. Attendance & Support
3. Cooperate to help your problem
4. Correction of document (Quotation)
5. Compare price with competitor

Quality Section – 5 categories with average scores of 76.4%

1. Response of problem
2. Preventive action & Corrective action
3. Attendance & Support
4. Cooperate to help your problem
5. Satisfaction of product

Planning/Delivery Section – 6 categories with average scores of 79.6%

1. Intime delivery
2. Clean & completion of packing
3. Correction of product to delivery
4. Correction of document(delivery bill,Tag)
5. Attendance & Support
6. Cooperate to help your problem

Production Section – 3 categories with average scores of 72%

1. The speed of working & coordination
2. Attendance & Support
3. Cooperate to help your problem

The results of the assessment and customer feedback will be presented to the management for acknowledgment and use as a guideline to develop and improve the service that can better satisfy the customer.

Caring and following up with the customers whether or not the operation has been done successfully meeting the satisfaction of the customers, must be done cautiously and carefully abiding the laws and regulations related. If any problem arises, the Company, together with the customers, must discuss to settle on a solution by not leaving the burden to the customers alone. The success of the Company comes from the satisfactory of the customers; therefore, the Company must maintain a good relationship with the customers in every way and in the Code of Ethics, revised in 2017, clause 9.

6. Community and Social Development Participation

The Company aims to operate its businesses with utmost responsibility to any activities which may incur due to the establishment of the Organization. The Company upholds the principle of transparent business, accountable, ethical, respecting the human rights and the benefits of the stakeholders. The Company is considerate of the community and the environment in order to build a foundation of sustainable social responsibilities and in the Code of Ethics, revised in 2017, clause 2.8.6 The Community, Society and Environmental Treatment policy, details are as following;

Community, Society and Environmental Treatment

(1) Not cooperating or supporting customers who operate their business illegally or endangering the society or the country.

(2) Allow the community and the related parties to voice their opinions for all of the projects that may affect the community and to propose their opinions and complaints that resulted from the business operation of the Company.

(3) Be cooperative with operations that follow the international standards or agreements in various issues which are created to protect or reduce the effects on the environment.

(4) Design and develop the manufacturing process, machineries and equipment to control and/or reduce the pollution, including waste water, dust, air pollution and all other waste products.

(5) The staffs responsible for the manufacturing process, machineries and equipment must control the pollution level so that it is no more than the standard limit.

(6) Help reducing the garbage or wastes both from the production process and from general operation.

(7) The staffs responsible for the manufacturing process or the machineries must look after, improve and maintain the production process or the machineries to the required standard in order to reduce the natural resources used.

(8) Be cooperative with the Company's energy conservation policy.

(9) Constantly raise the awareness on the social responsibility and the environment to all levels of staffs.

(10) Carry out community, society and environmental campaigns regularly in order to improve the community where the Organization is established for the better both with own projects and those supported by the government and the community. Through the following activities and projects:

Children's day

1) The CSR team representing Sanko Diecasting (Thailand) Public Company Limited had given presents to the Nong Bua Municipal office and 3 other schools in the vicinity which are Wat Nong Krub School, Ban Hin Kong Prajanugroh School and Ban Mae Nam Koo School on the 13th January 2017.





7. Environmental Management

The Company determines to operate on environmental management, which must be done together with the business operation. The Company focuses on producing quality automobile parts, taking into account the safety to the consumers and the effects on the community and the environment by following the laws and other regulations or any related international standards as stated in section 12) Corporate social responsibility policy.

Additionally, the Company follows the environmental management policy (ISO14001) in order to reduce the side effects that may happen as a result of the production or any factory activities. The Company upholds the practices which are friendly to the environment by strictly following the laws and other regulations which will lead to true sustainability of the Organization, the community and the society. The practices as follows;

1. The Company is certified with ISO14001 which covers all area of the Company. The factory was inspected by an outside auditor which is independent to the URS.

2 The Company had prepared the reports according to the Ministry of Energy with energy conserving measures with 6 electrical measures and 3 heat measures with the details as follows;

2.1 6 Electrical Measures as follows;

2.1.1) Turn off the injection machine immediately when the mold is under maintenance and during the shifts change at Diecasting Plant#2. With no extra investments, the energy saved was at 4,759.68 kWh/year which is equal to 16,658 Baht/year. The change to LED 18W bulbs, replacing the 36W bulbs at the IQC department was equal to 10,948.99 Baht/year saved and with 1.37 year returns on investment.

2.1.2) Reducing wind leakages in FS department by investing 4,260 Baht resulting in the cost saved of 2,695.44 kWh/year or equal to 9,434.04 Baht/year with returns to investment of 0.45 year.

2.1.3) Installing the inverter to reduce the turns speed of the 7.5kW water pump of 18,000 Baht resulting in the cost saved of 17,618.68 kWh/year or equal to 61,665.38 Baht/year with returns to investment of 0.29 year.

2.1.4) Replacing the 36 Watts T8 light bulbs with 18 Watts LED TUBE for the total of 92 units in the WH department of 52,000 Baht resulting in the cost saved of 5,800.39 kWh/year or equal to 20,301.37 Baht/year with returns to investment of 2.56 year.

2.1.5) Replacing the 36 Watts T8 light bulbs with 18 Watts LED TUBE for the total of 55 units in the FS department of 13,750 Baht resulting in the cost saved of 3,814.40 kWh/year or equal to 13,350.40 Baht/year with returns to investment of 1.03 year.

2.1.6) Replacing the 18 Watts T8 light bulbs with 10 Watts LED TUBE for the total of 90 units in the FS department of 27,500 Baht resulting in the cost saved of 5,404.96 kWh/year or equal to 18,917.36 Baht/year with returns to investment of 1.45 year.

2.2 3 Heat measures as follows:

2.2.1) Controlling the room temperature of the warm room at 650 °c with no investments resulting in the energy saved of 161.63 MJ/year resulting in 40,407.5 Baht/year saved.

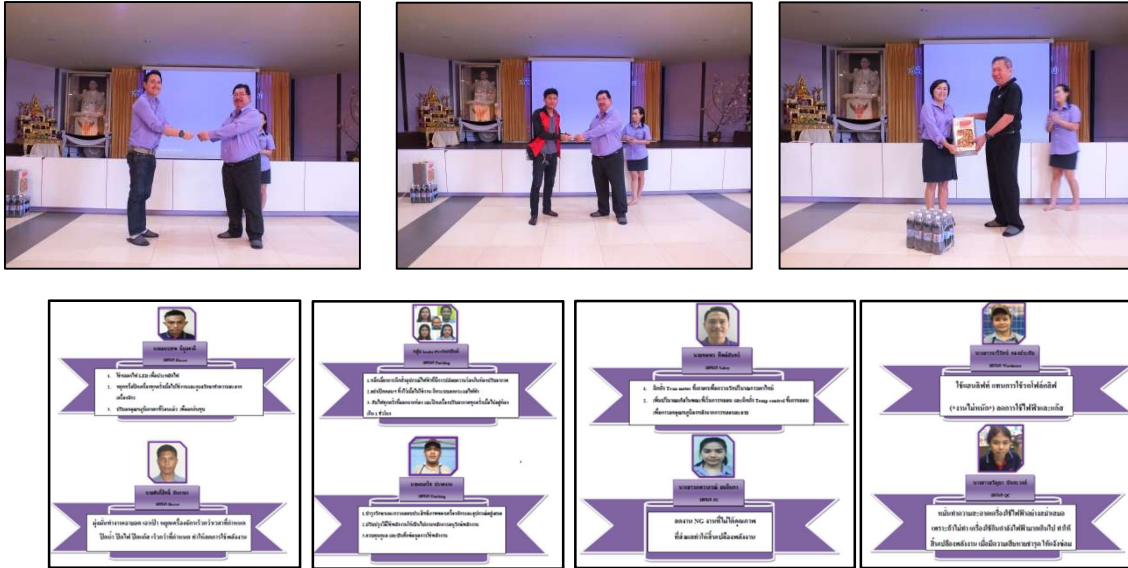
2.2.2) Adjusting the burner to improve the burn efficiency of furnace#15 with no investments resulting in the energy saved of 1,233.68 MJ/year resulting in 280,3267.93 Baht/year saved.

2.2.3) Adjusting the burner to improve the burn efficiency of furnace#16 with no investments resulting in the energy saved of 1,357.85 MJ/year resulting in 308,231.53 Baht/year saved.

3. Total amount of energy saved was equal to 3,048,920.98 MJ/year or 769,234.39 Baht/year. The Company has been certified under the international standard ISO50001:2011 on the 22nd November 2017.



4 The Company had organized the event "You Ask, We Deliver" by allowing all levels of employees to offer their opinions regarding the improvement or adjustment to the energy conservation campaign within the factory. This is to encourage, support and increase the awareness for all employees to take part in energy conservation in the Company.



5. In 2017, the Company received no complaints regarding environment or business operations that were not complying with the laws both internally and externally.

8 Corporate Social Responsibility Report

The Company emphasizes on the importance of information disclosure which reflects its corporate social responsibilities (CSR). This information will be valuable to all stakeholders and therefore, the Company has prepared a Sustainable Development Report (SD Report) which reports all of the CSR as indicated in the annual report (56-1) and shown through the Company's website, www.sankothai.net with the details with the 3 details on the economy, society and environment.

13. Internal Control and Risks Management

13.1 The evaluation of the Internal Control System by the Boards of Directors.

During the second meeting of the Board of Directors on 23rd February 2018 where all the three members of the Audit committee are also present, has given the opinion about the internal control and approve the evaluation under 5 categories as follows;

1. Control element
2. Risk Assessment
3. Control activities
4. Information and Communication
5. Monitoring activities

The committee agrees that the internal control system of the company is sufficient and adequate. The company has allocated enough personnel to ensure that the operation can run smoothly. Detailed evaluation on the sufficiency of the internal control system of the company can be found in the attachment no.3 of Annual Registration Statement (Form 56-1)

Additionally, the Company's auditor is Ms. Khaymanundt Chaichuen, the auditor for the quarterly financial statement and the financial statement for the year 2017. The Company's auditor evaluated the accounting system and the internal control system for the accounting of the Company. The auditor has made several remarks regarding the company's internal system on checking the financial statements. The summary of important issues is as follows;

Remarks	Statement and actions
1) The Company is in the middle of collecting data to adjust the production output to be up-to-date which will require certain amount of time.	The Company is in the middle of collecting past data in order to compare and improve the ERP system together with the program's owner for all transactions involving occurred costs and will test it with current transaction which is estimated to be operational by the 1 st quarter of the year 2018.
2) The Company has programs that are still in the process of installing and are not ready for work and have not considered the value returned.	The Company hired IT personnel to follow up and improve the installation process relating to the standard costs management system which is estimated to finish by the 1 st quarter of the year 2018.
3) The Company had not yet established a written product returns policy.	The Company had considered the said matter. However, the Company had continuously been testing products which requires the use of this mold.

Remarks	Statement and actions
	The Company will establish a written product returns policy by the 1 st quarter of the year 2018.
4) The Company divides the income and costs of events from supporting and funding not according to the terms and regulations.	The Company is in the middle of collecting past data in order to compare and improve the ERP system together with the program's owner in order to store relevant and necessary information for accurate transactions.
5) The receiving and delivering documents for products finishing services in which the Company employs Pornipa Progress Rayong Co.ltd, contains the same name for both the delivering and receiving documents which is no. PV1705001652 amounting to 0.42 million Baht under Mr. Roongroj Sookprasert, the Company's driver. The Company explained that the mistake was made by the employee that did not fill in the paper works correctly.	The Company arranged seminars to educate the employees about the clear responsibilities of each position and is in the middle of adjusting the systems and new procedures to check new inventories in January of 2018.
6) The Company files the purchasing requests dating after the purchasing orders	The Company had improved the working procedures regarding the purchasing documents by allowing the Purchasing Committee to choose the suppliers and the purchasing terms according to the newly adjusted regulations and had been in place since January of 2018.

The Audit Committee agrees that the company has take actions as advised by the auditors about the above remarks and, the issues which are under revision do not have a significant impact to the credibility of the company's financial statement or to the company's internal control system.

13.2 The evaluation of the Internal Control System by the Audit Committee.

The Audit Committee is of the opinion that the company has sufficient and adequate internal control system. This includes the ability to make transactions with major shareholders, directors or any relating personnel. The evaluation of the Audit Committee can be seen in attachment no.18. of Annual Registration Statement (Form 56-1)

13.3 Head of the internal audit of the company.

During the 1st Audit Committee meeting on the 28th February 2017, Thai Audit Ltd., the external audit company, has been appointed as the “Internal Audit” to monitor all operations and financial activities of the company for the year 2018 with Miss Rakchanok Somnienglum acting as the main internal auditor of the company.

The Audit Committee has evaluated all the qualifications of Thai Audit Ltd., and Miss Rakchanok Somnienglum and agrees that they are sufficient to perform the appointed tasks since they are an independent company, have experiences in terms of internal audit and have attended seminars which are relevant to performing this task, which are 1) MERGERS & ACQUISITIONS held by OMEGAWORLDCCLASS Research Institute 2) Certificate of Tax Law held by Thammasart University 3) Taxation for International Transactions seminar held by FAP.4) Update TFRS held by FAP 5) Pack 5 and Fair value held by FAP

To ensure that the company comply with all the regulations smoothly, proceed with each steps legally and within the terms of the company and to allow the internal auditor to work as checks and balance fully, the company requires the auditors to report directly to the Audit Committee and to the Board of Directors, who has the responsibility of overseeing the good practice of the internal control system, and file the reports for the Managing Director to help regulate and manage the staffs in the relevant department to improve as advised. The internal auditor must file a report quarterly.

However, the decision to approve, appoint, dismiss or transfer the Head of the Internal Audit of the company, must be approved by the Audit Committee with the relevant specifications as shown in the attachment no.15 of Annual Registration Statement (Form 56-1)

14. Inter Company Transaction

14.1 Details of the inter-transaction

Inter – transactions between person and juristic person which may caused conflicts between the tear 2016 and 2017 are as follows;

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)		Reasonable of Issue
		31 DEC 16	31 DEC 17	
Jutha Wan Metal Ltd. : Retailers of steel and stainless steel	purchases steel, metal sheets			The Company purchases steel for making the molds from Juthawan Co.ltd, in order to repair and improve the buildings with the price and terms of trade according to ordinary trades with 30 days credit term. <u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that such transaction is appropriate and is a normal trading transaction with gross profits equal to other customers.
	Purchases installments	-	72,680.00	
	Payment installments	--	64,227.00	
	Periodic Inventory Balance		8,453.00	
	The Company sells products to Juthawan Co.ltd,			The Company sells diecasted Aluminum to Juthawan Co.ltd, with ordinary terms of trade similar to other customers following the same inter companies transaction policies. <u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that such transaction is appropriate and is a normal trading transaction with gross profits equal to other customers.
	Goods sold installments	-	90,000.00	
	Value added tax	-	6,300.00	
	Payment installments	-	96,300.00	
	Periodic Inventory Balance	-	-	
JTW Asset co.Ltd. : Renting, selling, buying and real estate operations	Promissory notes for the Company			The Company had taken a short term loan by issuing promissory notes to JTW Assets Co.ltd, with the interest rates of 6% per year with the notes no. SDT2558/009 dating 31 st December 2015 and ending on 31 st 2016. The Company had paid the promissory notes no. SDT2558/009 of 15,000,000 Baht and had also issued the promissory notes no. SDT2560/001 with the value of 7,500,000 Baht with the interest rates of 6% per year, dating 10 th January 2017
	Beginning balance	15,000,000.00	15,000,000.00	
	Payment installments	-	7,500,000.00	
	Periodic Inventory Balance	15,000,000.00	7,500,000.00	
	Interests between installments	900,000.01	461,096	

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)		Reasonable of Issue
		31 DEC 16	31 DEC 17	
				and ending on 10 th January 2018. The Company had paid the interests to JTW Co.ltd, of 461,095.90 Baht according to the contract already. <u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that the short term loans by issuing promissory notes to JTW Assets Co.ltd, has positive results to the Company and has transaction fees that is appropriate and equal to the rates charged by other commercial banks.
Thai Industrial Parts Co.,Ltd : Produce parts for electrical goods and automobiles by extrusion and colour coating	The Company had taken a short term loan by issuing promissory notes to Thai Industrial Parts Co.ltd, with the following details; Beginning balance Promissory notes between installments Periodic Inventory Balance Interests between installments		- 7,500,000.00 7,500,000.00 438,904.12	The Company had taken a short term loan by issuing the promissory notes no. SDT2560/002 of 7,500,000 Baht with the value of 6% per year, dating 10 th January 2017 and ending on 10 th January 2018 to Thai Industrial Parts Co.ltd. In 2017, the Company had paid the interests to Thai Industrial Parts Co.ltd, of 438,904.12 Baht according to the contract already. <u>Audit Committee's Opinion</u> The Audit Committee has reviewed and evaluated the said item and is of the opinion that the short term loan by issuing the promissory note to Thai Industrial co.ltd will be beneficial to the Company and that the interest rates is according to the norm of other financial institutions
	Products sold to Thai Industrial Parts co.,Ltd Initial Balance Sales during the period molds repairing VAT Installed Payments Remaining Balance	177,723.12 1,180,583.56 35,000.00 85,090.85 1,323,732.88 154,664.65	154,664.65 1,095,727.53 - 76,700.93 1,172,428.46 139,473.11	Thai Industrial Parts co.,Ltd has employed the company to produce goods and molds as normal while setting the sales price and under the same regulations as any other customers in accordance with inter - company transactions policy. <u>Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said item and all agreed that the said item is legitimate and is a normal inter – company transaction with the gross profit being calculated the same way as any other customers.

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)		Reasonable of Issue
		31 DEC 16	31 DEC 17	
Rica JTW Heat Treatment co.,Ltd : Steel Hardening	The company employs Rica JTW Heat Treatment co.,Ltd to perform hardening tests on sample parts with heat treatment Initial Balance Cost during installment VAT Installed Payments Remaining Balance	96,021.77 701,511.76 49,105.82 635,557.49 120,042.72	120,042.72 763,012.86 53,410.90 856,990.48 79,476.03	The company employs Rica JTW Heat Treatment co.,Ltd (formerly known as Jutha Wan Metal Lab co. Ltd) to perform hardening tests on sample parts and show it to the customers. The terms, prices and regulations are the same as other business. <u>Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said item and all agreed that the said Item is legitimate and is a normal transaction which the price has been compared to other companies.
Umphon co.,Ltd : Car Rental Business	The company employs Umphon co.,Ltd to rent cars. Rental Costs Remaining Balance	1,040,040 -	1,107,807.00 -	The company has been renting 1 cars to transport staffs and 2 cars as Executive cars from Umphon Co.,Ltd, in total 3 cars. The rental rate is the cheapest compared to other companies in the same business with the same requirements. <u>Audit Committee's Opinion</u> The Audit Committee had investigated and evaluated the said item and all agreed that the said item is adequate and is a normal rental transaction which the prices have already been compared with other companies.
Pinthong Steel Co., Ltd. :To Sell and distribute steel sheet and all kind of steels. , cutting service all kind of steels	The Company has purchase the rolled steel Purchases during the period Payment installments Remaining Balance	487,934.00 487,934.00 -	99,203.00 70,208.14 28,994.86	The Company has purchase the rolled steel from Pinthong Steel Co., Ltd. with the prices and conditions in accordance with the usual trades & services terms and with the 30 days credit. <u>Notes from the Audit Committee</u> The Audit Committee has reviewed and evaluated the said item and is of the opinion that the item is proper and is a normal business transaction with the usual base profits at the same rate as other customers.
Pinthong Industrial Park (PLC) : Assets allocation for residential areas, agriculture,industry,	The Company sells products to Pinthong Industrial Park (PLC)			The Company sells diecasted Aluminum to Pinthong Industrial Park (PLC), with ordinary terms of trade similar to other customers following the same inter companies transaction policies.

Person / Juristic person which may have conflicts / Types of business	Types and details of transactions	Value of Transactions (Baht)		Reasonable of Issue
		31 DEC 16	31 DEC 17	
commercial buildings, town homes and other constructions.	Goods sold installments Value added tax Payment installments Periodic Inventory Balance	- - - -	210,000.00 14,700.00 224,700.00 -	<u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that such transaction is appropriate and is a normal trading transaction with gross profits equal to other customers.
Forever Opulence Co.ltd : Car rentals and metal finishing touch services.	The Company hires Forever Opulence Co.ltd Products' finishing touches Beginning balance Services during installments Value added tax Payment installments Periodic Inventory Balance	105,373.28 1,441,162.04 100,881.34 1,572,215.88 75,200.78	75,200.78 1,214,653.75 85,025.76 1,287,072.34 87,807.95	The Company hires Forever Opulence Co.ltd, for products finishing touches in order to deliver to the customers on time with the ordinary price and terms of trade. <u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that such transaction is appropriate and is a normal trading transaction with price comparison to other sub-contractors.
Mr. Niphun Tungpiroontham : Board of Director	The Company took a loan from Mr. Niphun Tungpiroontham Short term loan between installments Periodic Inventory Balance Interests between installments	- - -	5,000,000.00 - 62,328.77	The Company had signed a loan contract with Mr. Niphun Tungpiroontham for 5,000,000 Baht with the interest rates of 5.00% per year by paying the interest rates of 62,328.77 Baht. The Company had paid the principal to Mr. Niphun Tungpiroontham already. <u>The Audit Committee's Opinion</u> The Audit Committee had inspected and considered the said transaction and is of the opinion that the short term loans by issuing promissory notes to Mr. Niphun Tungpiroontham, has positive results to the Company and has transaction fees that is appropriate and equal to the rates charged by other commercial banks.

14.2 Steps of measures required to authorize intercompany transactions

As stated in the 1st Board of Directors meeting on the 4th February 2010, the steps and measures to authorize intercompany transactions are as follows;

The intercompany transactions, with relating persons or persons which may have conflict of interests, must be in accordance with the general trade regulations or is a business agreement made in the same circumstances that the good person of ordinary prudence would engage in a contract, with trade bargaining power that has no other external influences through the status of Directors, Executives or relating persons (as the case may be), under reasonable and sound conditions, transparent and not causing the transfer of benefits.

Case 1. Regular trade Intercompany transactions

For example, transactions which involve good and services that the company produces, sells or provides. The company may perform the said transaction with person with conflicts of interests as long as the transaction is under the trade agreements with general conditions that the person or ordinary prudence would engage in the same contract, , with trade bargaining power that has no other external influences through the status of Directors, Executives or relating persons. The company will summarize all of such transactions and present to the Audit Committee and the Board of Directors quarterly.

Case 2. Any other transactions not categorized in Case 1

The company has appointed the Audit Committee to evaluate and give opinions on the necessity of performing such transaction and the adequacy of the price of the said transaction, by considering all the related terms, whether or not they comply with the regular market trades which can be compared with external prices, fair, reasonable and transparent. In the case that the Audit Committee is not specialized with analyzing the occurred transaction, the company will employ independent experts or company's auditors to give opinion on the said transaction in order to make a better decision for the committee or the shareholders as by case. However, in order to perform an intercompany transaction with the person with conflicts of interests, it must pass the evaluation of the Audit Committee and must be authorized by the Board of Directors where the audit committee member must be present. The directors with the conflict of interests may not vote in such a meeting.

The Board of Directors must make sure that the company acts in accordance with the laws and regulations Securities and Exchange Act. Any enforcements, notices, demands or terms made by the Stock Exchange of Thailand or the Securities and Exchange Commission or the Capital Market Supervisory Board must be followed, including complying with the disclosure of all information relating to the acquisition or dismissal of the company's assets. Moreover, the company must enclose the said intercompany transactions in the remarks of the financial statements as investigated by the company's auditors, in the Form 56-1 and in the annual report or in any other media information as required by the Stock Exchange of Thailand and other relating organizations.

14.3 Trends for future intercompany transactions

In the future, the company may continuously engage in intercompany transactions between persons or juristic persons, which is the norm for operating this kind of business. The terms must be according to the regular terms of trade and can be quoted with the same kind of business in other companies. The summary of such transactions will be presented, at least, quarterly to the Audit Committee and the Board of Directors in order to further revise the transactions by comparing the terms and prices with external entities to check the adequacy of the terms and price, evaluating the value of the transaction compared to the overall trading value of the company and the related companies, and inquire the Managing Directors to the reason and the necessity in performing such transactions with relating parties.

As for irregular business transaction that may occur in the future, the company will appoint the Audit Committee to investigate the procedures and reasons for performing such transactions before the company can authorize the transactions. The company will oversee all transactions to be in accordance with the laws and regulations Securities and Exchange Act. Any enforcements, notices, demands or terms made by the Stock Exchange of Thailand and the Securities and Exchange Commission, including the disclosure of all information relating to the acquisition or dismissal of the company's assets (if any) and acting in compliance with the accounting standards as regulated by the Federation of Accounting Profession. However, individuals with conflicts of interest in the said transactions will have no rights to vote for authorization of the said transactions and the company will enclose such transactions in the remarks of the financial statements as investigated by the company's auditors, in the Form 56-1 and in the annual report or in any other media information as required by the Stock Exchange of Thailand and other relating organizations.

15. Key Financial Information

15.1 FINANCIAL STATEMENT REPORT

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

Baht

	Note	2017	2016
Assets			
Current assets			
Cash and cash equivalents	5	15,628,857	21,684,476
Trade and other receivables	4, 6	63,837,201	53,591,616
Inventories	7	49,620,290	39,197,903
Other current assets	8	8,158,845	7,465,538
Total current assets		137,245,193	121,939,533
Non-current assets			
Restricted bank deposits	9	5,082,000	5,980,000
Property, plant and equipment	4, 10	199,634,340	170,894,201
Intangible assets	11	3,005,213	1,783,513
Other non-current assets		2,902,375	3,635,056
Total non-current assets		210,623,928	182,292,770
Total assets		347,869,121	304,232,303

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2017****Baht**

	Note	2017	2016
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft and short-term loans			
from financial institutions	13	34,863,357	33,935,037
Trade and other payables	4, 14	80,161,250	70,559,574
Current portion of liabilities	15	9,151,093	7,510,565
Short-term loans from related parties	4	15,000,000	15,000,000
Other current liabilities	16	11,926,700	10,950,600
Total current liabilities		151,102,400	137,955,776
Non-current liabilities			
Long-term loans from financial institutions	17	13,010,601	-
Long-term liability under finance lease	18	14,853,659	2,159,896
Employee benefit obligations	19	3,250,906	4,436,124
Total non-current liabilities		31,115,166	6,596,020
Total liabilities		182,217,566	144,551,796
Shareholders' equity			
Share capital			
Authorized share capital			
300,681,625 ordinary shares, Baht 0.50 par value		150,340,813	150,340,813
Issued and paid-up share capital			
299,094,963 ordinary shares, in year 2017 and			
298,989,004 ordinary shares, in year 2016, fully paid-	21	149,547,482	149,494,502
Premium on share capital	20	33,612,986	33,508,087
Warrants	21	-	122,305
Retained earnings (deficits)			
Appropriated to legal reserve	20	390,000	-
Unappropriated		(17,898,913)	(23,444,387)
Total shareholders' equity		165,651,555	159,680,507
Total liabilities and shareholders' equity		347,869,121	304,232,303

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED DECEMBER 31, 2017***Baht*

	Note	2017	2016
Revenue from sales	4	437,899,619	410,465,525
Cost of sales	4, 22	(367,318,728)	(349,286,414)
Gross profit		70,580,891	61,179,111
Other income		4,519,016	4,111,403
Selling expenses	22	(7,518,824)	(7,588,951)
Administrative expenses	4, 22	(57,050,197)	(71,924,090)
Finance costs	4, 23	(4,154,271)	(4,010,966)
Profit (loss) before income tax		6,376,615	(18,233,493)
Tax expense	24	(88,228)	(5,381,013)
Profit (loss) for the year		6,288,387	(23,614,506)
Profit (loss) per share	3		
Basic earnings (loss) per share		0.02	(0.08)
Weighted average number of ordinary shares (shares)		299,056,934	297,970,170
Diluted earnings per share		0.02	
Dilutive potential ordinary shares (shares)		299,082,955	
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gain (loss)		(441,141)	212,649
Income tax on other comprehensive income (loss)			
relating to items that will never be reclassified	24	88,228	(42,530)
Other comprehensive income (loss) - net of tax		(352,913)	170,119
Total comprehensive income (loss)		5,935,474	(23,444,387)

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Baht

		Issued and paid-up	Premium on		Retained earnings (deficits)		Total
	Note	share capital	share capital	Warrants	Legal reserve	Unappropriated	shareholders' equity
Balance as at January 1, 2016		148,903,972	52,870,818	109,526	2,215,418	(22,854,974)	181,244,760
Compensation for deficits	20	-	(20,639,556)	-	(2,215,418)	22,854,974	-
Ordinary shares from warrants exercised	21	590,530	1,276,825	-	-	-	1,867,355
Compensation for employees and fair value adjustment	21	-	-	12,779	-	-	12,779
Total comprehensive loss		-	-	-	-	(23,444,387)	(23,444,387)
Balance as at December 31, 2016		149,494,502	33,508,087	122,305	-	(23,444,387)	159,680,507
Ordinary shares from warrants exercised	21	52,980	104,899	-	-	-	157,879
Compensation for employees and fair value adjustment	21	-	-	(122,305)	-	-	(122,305)
Legal reserve	25	-	-	-	390,000	(390,000)	-
Total comprehensive income		-	-	-	-	5,935,474	5,935,474
Balance as at December 31, 2017		149,547,482	33,612,986	-	390,000	(17,898,913)	165,651,555

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Baht

	2017	2016
Cash flows from operating activities		
Profit (loss) before income tax	6,376,615	(18,233,493)
Adjustments to reconcile income (loss) before income tax to net cash provided by (used in) operating activities		
Depreciation and amortization	24,873,975	27,519,018
Loss from devaluation of inventories (reversal)	(336,946)	139,278
Loss from impairment of assets (reversal)	(2,750,636)	3,866,624
Doubtful accounts	350,046	-
(Gain) loss on sale and written off of assets	107,473	4,465,217
Unrealized gain on exchange rate	(49,119)	-
Compensation for employees and fair value adjustment of warrants	(122,305)	12,779
Interest income	(86,972)	(104,580)
Finance costs	4,154,271	4,010,966
Cash flow before changes in working capital	32,516,402	21,675,809
Changes in working capital		
Trade and other receivables	(10,546,512)	(7,111,766)
Inventories	(10,030,521)	7,502,222
Other current assets	607,420	(228,403)
Other non-current assets	(9,541,201)	(2,162,800)
Trade and other payables	9,606,600	6,846,654
Employee benefit obligations	(1,626,358)	706,627
Other current liabilities	976,100	244,496
Cash generated from the operations	11,961,930	27,472,839
Interest received	86,972	104,580
Income tax returned	581,730	1,212,421
Income tax paid	(943,849)	(1,122,970)
Net cash provided by operating activities	11,686,783	27,666,870

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2017****Baht**

	2017	2016
Cash flows from investing activities		
Purchase of building and equipment	(21,879,840)	(14,233,944)
Purchase of intangible assets	(1,175,060)	(180,500)
Sale of equipment	381,408	9,598
Decrease in restricted bank deposits	898,000	-
Net cash used in investing activities	(21,775,492)	(14,404,846)
Cash flows from financing activities		
Repayment of bank overdraft and short-term loans from financial institutions	928,320	(3,741,557)
Proceeds from short-term loans from related parties	12,500,000	-
Repayments of short-term loans from related parties	(12,500,000)	-
Proceeds from loans from financial institutions	17,199,000	-
Repayments of loans from financial institutions	(2,243,045)	(2,800,000)
Repayments of liability under finance lease	(7,849,870)	(8,055,339)
Proceeds from issuing ordinary shares from warrants exercised	157,879	1,867,355
Finance cost paid	(4,159,194)	(4,018,716)
Net cash provided by (used in) financing activities	4,033,090	(16,748,257)
Net decrease in cash and cash equivalents	(6,055,619)	(3,486,233)
Cash and cash equivalents at the beginning of year	21,684,476	25,170,709
Cash and cash equivalents at the end of the year	15,628,857	21,684,476

SANKO DIECASTING (THAILAND) PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION

Sanko Diecasting (Thailand) Public Company Limited ("the Company") is incorporated in Thailand and has its registered office at 3/14 Moo. 2, Tambol Nongbua, Amphur Bankhai, Rayong Province, Thailand.

The Company was listed on the Stock Exchange of Thailand On May 9, 2013

The principal activities of the Company involve manufacture exhaust system and manufacture tooling.

These financial statements have been approved for issue by the Company's Board of Directors on February 23, 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"), including the related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and the financial reporting requirements of the Securities and Exchange Commission.

The financial statements are presented in Thai Baht, which is the Company's functional currency. The preparation of these financial statements is in Thai and English language and issued for Thai reporting purposes.

The preparation of the financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Adoption of new and revised Thai Financial Reporting Standards

The FAP has issued the notifications, mandating the use of Thai Accounting Standards ("TAS"), Thai Financial Reporting Standards ("TFRS"), Thai Standard Interpretations ("TSIC"), Thai Financial Reporting Interpretations ("TFRIC") and accounting guidance ("AG") (revised 2016), which are effective for the financial statements, which its accounting period beginning on or after January 1, 2017 as follows:

TAS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS	Topic
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies

TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Asset
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS	Topic
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement

TSIC	Topic
TSIC 10 (revised 2016)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases-Incentives
TSIC 25 (revised 2016)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements : Disclosures
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets-Web Site Costs

TFRIC	Topic
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment

TFRIC	Topic
TFRIC 12 (revised 2016)	Service Concession Arrangements

TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Money brought to the state

AG**Topic**

Accounting guidance for derecognition of financial assets and financial liabilities

During the year, the Company has adopted new and revised TFRS which are effective for the accounting period beginning on or after January 1, 2017. These TFRS 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 TFRS does not have any significant impact on the financial statements of the Company.

New and revised Thai Financial Reporting Standards not yet effective

During the year, the Federation of Accounting Professions has issued a number of revised the notifications, mandating the use of Thai Accounting Standards ("TAS"), Thai Financial Reporting Standards ("TFRS"), Thai Standard Interpretations ("TSIC") and Thai Financial Reporting Interpretations ("TFRIC") (revised 2017), which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company is assessing the impacts of these TFRS on the financial statements for the year in which they are initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement bases used in preparing the financial statements

Other than those disclosed elsewhere in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Revenues

Revenue perceived excluding VAT and net from trade discounts

Revenue is recognized in the statements of comprehensive income when the risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Revenue from rendering of services is recognised when services are rendered.

Interest income

Interest income is recognized as income on an accrual basis, based on the effective rate method.

Other income

Other income is recognized on an accrual basis.

Expenses

Operating leases

Payments made under operating leases are recognized in the statements of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statements of comprehensive income as an integral part of the total lease payments made. Contingent rentals are charged to the statements of comprehensive income in the accounting period in which they are incurred.

Finance Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest component of finance lease payments is recognized in the statements of comprehensive income using the effective interest rate method.

Expenses are recognized on an accrual basis.

Employee benefits

Short-term benefits

The Company recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits – defined contribution plan

The Company operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Company. Contributions to the provident fund and obligations to defined contribution plan are charged to the statement of comprehensive income in the period to which they relate.

Post-employment benefits – defined benefit plan

The employee benefits obligations in relation to the severance payment under the labor law are recognised as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Company through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in the statements of comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes all actuarial gains (losses) immediately in other comprehensive income.

Termination benefits

The Company recognizes termination benefits as a liability and expense when the Company terminates the employment of an employee or group of employees before the normal retirement date.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that record its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information

may become available that causes the Company to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Cash and cash equivalents

Cash and cash equivalents are cash on hand, current deposits and savings deposits, cash at bank with an original maturity of 3 months and short-term investments with high liquidity excluded deposits at bank on obligation.

Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables.

In determining an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated as follows;

Finished goods and work in process	-	the average cost method
Raw materials and spare parts	-	the first in – first out method

Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes an appropriate share of overhead based on normal operating capacity.

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

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Property, plant and equipment

Owned assets

Land is stated at cost, and plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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 asset to the location and condition necessary for it to be capable of operating 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. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Gains and 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 recognised net within other income or other expenses in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. 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.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment properties, its carrying amount is recognized and reclassified as investment properties.

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 Group, 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

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 property, plant and equipment. The estimated useful lives are as follows:

Buildings and structures	5 - 30 years
Machinery and factory equipment	5 - 20 years
Furniture and office equipment	5 years
Transportation	5 Years
Utility system	5 - 25 Years

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

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

Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortization

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Computer software	2-10 years
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No amortization is provided on assets under development.

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

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 accumulated depreciation or accumulated amortisation, if no impairment loss had been recognised.

Finance lease

The Company recognised finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies into operating currency the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period converted to exchange operating currency at the foreign exchange rates ruling at the end of reporting period.

Gain or loss upon conversion is included in the statements of comprehensive income.

Provisions

A provision is recognized in the statement 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.

Share-based payment

The employee share option programme allows certain of the Company's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in shareholders' equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

Dividends

Dividend and interim dividend payment are recorded in the period in which they are approved by Shareholders' meeting and Board of Directors' meeting.

Premium on share capital

Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account ("Premium on share capital"). Premium on share capital is not available for dividend distribution.

Basic earnings (loss) per share

Basic earnings (loss) per share for the years ended December 31, 2017 and 2016 are calculated by dividing profit (loss) for the year by the weighted average number of ordinary shares outstanding during the years as follows:

	2017	2016
Profit (loss) for the year (Baht)	6,288,387	(23,614,506)
Weighted average number of ordinary shares (shares)		
Ordinary shares at the beginning of the year	298,989,004	297,807,944
Effect of shares issued	67,930	162,226
Weighted average number of ordinary shares	<u>299,056,934</u>	<u>297,970,170</u>
Basic earnings (loss) per shares (Baht)	<u>0.02</u>	<u>(0.08)</u>

Diluted earnings per share

Diluted earnings per shares for the years ended December 31, 2017 is calculated by dividing the profit of ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding during the years plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares into ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary share into ordinary shares when the exercise price is lower than fair value of ordinary shares as follows:

Profit for the year (Baht)	6,288,387
Dilutive potential ordinary shares (shares)	
Weighted average number of ordinary shares	299,056,934
Effect of dilutive potential ordinary shares	<u>26,021</u>
Dilutive potential ordinary shares	<u>299,082,955</u>
Diluted earnings per share (Baht)	<u>0.02</u>

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 applied 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 measured fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

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

At the end of each reporting period, the Company determined 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. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with and related parties. These parties are related through common shareholders and/or directorships or a close family member. Transactions with related parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

Transactions with related parties for the years ended December 31, 2017 and 2016 were as follows:

		<i>Baht</i>
	2017	2016
Revenue from sales		
Thai Industrial Parts Ltd.	1,095,728	1,215,584
Juthawan Co., Ltd.	90,000	-
Pinthong Industrial Park PLC.	210,000	-
Purchase of goods and services		
Rika JTW Heat Treatment Co., Ltd.	763,013	701,512
Juthawan Co., Ltd.	72,680	-
Forever Opulence Co., Ltd.	1,214,654	1,441,162
Rental and service expenses		
Umphon Co., Ltd.	1,107,807	1,040,040
Forever Opulence Co., Ltd.	1,440,000	1,440,000
Consulting fee		
Director	-	582,000
Interest expense		
Thai Industrial Parts Ltd.	438,904	-
JTW Asset Co., Ltd.	461,096	900,000
Mr. Niphan Tangpiroonthum	62,329	-
Purchase building improvement and equipment		
Pinthong Steel Co., Ltd.	99,203	487,934

The significant balances of assets and liabilities with related parties as at December 31, 2017 and 2016 were as follows:

	<i>Baht</i>	
	2017	2016
Trade receivables		
Thai Industrial Parts Ltd.	139,473	154,665
Trade and other payables		
Rika JTW Heat Treatment Co., Ltd.	79,476	120,043
Juthawan Co., Ltd.	8,453	-
Pinthong Industrial Park PLC.	28,995	-
Forever Opulence Co., Ltd.	87,808	75,201
Short-term loans		
JTW Asset Co., Ltd.	7,500,000	15,000,000
Thai Industrial Parts Ltd.	7,500,000	-

Short-term loans from related parties

Movements of short-term loans from related parties for the years ended December 31, 2017 and 2016 were as follows:

	<i>Baht</i>	
	2017	2016
Beginning balance	15,000,000	15,000,000
Increase	12,500,000	-
Decrease	(12,500,000)	-
Ending balance	<u>15,000,000</u>	<u>15,000,000</u>

The Company has short-term loan from

- Related companies by issuing promissory notes with the term of 1 year, interest charged at the rate of commercial bank and without collateral.
- Director of the Company, which loan agreement, has a period of 3 months, interest charged at the rate of commercial bank and without collateral.

Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2017 and 2016 consisted of:

	<i>Baht</i>	
	2017	2016
Short-term benefits	14,410,902	13,858,402
Post-employment benefits	48,106	393,776
Total	<u>14,459,008</u>	<u>14,252,178</u>

Directors' remuneration

Directors' remuneration represents benefits paid to the directors of the Company in accordance with Section 90 of the Public Company Limited Act, exclusive of salaries and related benefit payable to directors who hold executive positions.

For the years ended December 31, 2017, the Company paid directors' remuneration of Baht 0.43 million (year 2016: Baht 0.41 million).

Nature of relationship

Company/Name	Country/ Nationality	Relation	Type of relation
Thai Industrial Parts Ltd.	Thailand	Related company	Shareholder and common director
Juthawan Co., Ltd.	Thailand	Related company	Common shareholder
Umphon Co., Ltd.	Thailand	Related company	Common shareholder
Rika JTW Heat Treatment Co., Ltd.	Thailand	Related company	Common shareholder
JTW Asset Co., Ltd.	Thailand	Related company	Common shareholder
Pinthong Industrial Park PLC.	Thailand	Related company	Common shareholder
Pinthong Steel Co., Ltd.	Thailand	Related company	Common shareholder
Forever Opulence Co., Ltd.	Thailand	Related company	Middle management
Mr. Niphan Tangpiroonthum	Thai	Related person	Shareholder and director of the Company

Bases of measurement for intercompany revenues and expenses

	Pricing policies
Purchase and sale of goods, service and asset	Market price comparable to the selling price with third parties
Administrative expenses	Stipulate in the agreement
Interest expenses	Referred to the commercial bank's interest rate

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2017 and 2016 consisted of:

	<i>Baht</i>	
	2017	2016
Cash on hand	156,457	133,423
Cash at banks	15,472,400	21,551,052
Total	15,628,857	21,684,475

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2017 and 2016 consisted of:

		<i>Baht</i>
	2017	2016
Trade receivables	62,769,812	52,645,897
Less Allowance for doubtful accounts	(475,000)	-
Trade accounts receivable - net	62,294,812	52,645,897
Other receivables	1,872,654	1,400,938
Less Allowance for doubtful accounts	(330,265)	(455,219)
Other receivables - net	1,542,389	945,719
Trade and other receivables - net	63,837,201	53,591,616

As at December 31, 2017 and 2016, the Company had outstanding balances of trade receivables aged by number of months as follows:

		<i>Baht</i>
	2017	2016
Current	52,899,121	44,076,570
Overdue		
Less than 3 months	8,629,786	8,559,685
Over 3 months	1,240,905	9,642
Total	62,769,812	52,645,897

Movements of allowance for doubtful account the year December 31, 2017 and 2016 were as follows:

		<i>Baht</i>
	2017	2016
Beginning balance	455,219	455,219
Add Doubtful accounts	475,000	-
Less Reversal of doubtful accounts	(124,954)	-
Ending balance	805,265	455,219

7. INVENTORIES

Inventories as at December 31, 2017 and 2016 consisted of:

		<i>Baht</i>
	2017	2016
Finished goods	17,247,458	14,974,437
Work in process	24,110,758	17,222,568
Raw materials	1,986,069	1,276,255
Spare parts	4,502,440	4,050,828
Goods in transit	2,591,440	2,828,636
Total	50,438,165	40,352,724
Less Allowance for devaluation of inventories	(817,875)	(1,154,821)
Inventories - net	49,620,290	39,197,903

Movements of allowance for devaluation of inventories for the years ended December 31, 2017 and 2016 were as follows:

		<i>Baht</i>
	2017	2016
Beginning balance	1,154,821	1,015,543
Add Loss from devaluation of inventories (reversal)	(336,946)	139,278
Ending balance	817,875	1,154,821

8. OTHER CURRENT ASSETS

Other current assets as at December 31, 2017 and 2016 consisted of:

	<i>Baht</i>	
	2017	2016
Advance payment to suppliers	5,705,200	6,267,800
Refundable value added tax and not yet received tax invoice	1,894,155	973,625
Prepaid expenses	559,490	224,113
Total	8,158,845	7,465,538

9. RESTRICTED BANK DEPOSITS

As at December 31, 2017 and 2016, restricted bank deposits consisted of:

				<i>Baht</i>	
Financial institution	Financial institution deposits	Guarantee for	Note	2017	2016
Commercial Bank	Fixed deposit	The letters of guarantee for electricity	29.2	1,332,000	2,230,000
Commercial Bank	Fixed deposit	Loan	13	3,750,000	3,750,000
	Total			5,082,000	5,980,000

10. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment for the years ended December 31, 2017 and 2016 consisted of:

Baht

	Land	Building	Machinery and factory equipment	Furniture and office equipment	Vehicles	Assets under installation	Total
At cost							
Balance as at January 1, 2016	27,902,269	86,194,957	292,180,986	13,432,620	2,134,710	1,533,100	423,378,642
Purchases/ transfer in	-	2,243,095	12,399,843	924,104	-	2,183,893	17,750,935
Disposals/ transfer out	-	-	(670,215)	(245,015)	-	(2,966,993)	(3,882,223)
Balance as at December 31, 2016	27,902,269	88,438,052	303,910,614	14,111,709	2,134,710	750,000	437,247,354
Purchases/ transfer in	-	14,913,625	35,137,003	968,306	683,591	28,756,469	80,458,994
Disposals/ transfer out	-	(3,900)	(18,022,179)	(872,108)	(1,213,894)	(28,786,277)	(48,898,358)
Balance as at December 31, 2017	27,902,269	103,347,777	321,025,438	14,207,907	1,604,407	720,192	468,807,990
Accumulated depreciation							
Balance as at January 1, 2016	-	35,101,983	184,736,134	10,426,752	1,441,755	-	231,706,624
Depreciation	-	3,714,677	21,625,890	1,570,085	104,010	-	27,014,662
Disposals/ transfer out	-	-	(110,732)	(244,310)	-	-	(355,042)
Balance as at December 31, 2016	-	38,816,660	206,251,292	11,752,527	1,545,765	-	258,366,244
Depreciation	-	3,722,202	19,497,001	1,132,752	129,660	-	24,481,615
Disposals/ transfer out	-	(3,899)	(16,772,934)	(869,757)	(1,013,892)	-	(18,660,482)
Balance as at December 31, 2017	-	42,534,963	208,975,359	12,015,522	661,533	-	264,187,377

Baht

	Land	Building	Machinery and factory equipment	Furniture and office equipment	Vehicles	Assets under installation	Total
Impairment of assets							
Balance as at January 1, 2016	-	-	4,120,285	-	-	-	4,120,285
Loss from impairment of assets	-	-	3,866,624	-	-	-	3,866,624
Disposal/ transfers out	-	-	-	-	-	-	-
Balance as at December 31, 2016	-	-	7,986,909	-	-	-	7,986,909
Loss from impairment of assets	-	-	115,669	-	-	-	115,669
Reversal loss from impairment of assets	-	-	(3,116,305)	-	-	-	(3,116,305)
Disposal/ transfers out	-	-	-	-	-	-	-
Balance as at December 31, 2017	-	-	4,986,273	-	-	-	4,986,273
Net book value							
Owned assets	27,902,269	49,621,392	52,491,377	2,256,227	294,599	750,000	133,315,864
Assets under finance leases	-	-	37,181,036	102,955	294,346	-	37,578,337
Balance as at December 31, 2016	27,902,269	49,621,392	89,672,413	2,359,182	588,945	750,000	170,894,201
Owned assets	27,902,269	60,812,814	83,680,779	2,128,960	753,931	720,192	175,998,945
Assets under finance leases	-	-	23,383,027	63,425	188,943	-	23,635,395
Balance as at December 31, 2017	27,902,269	60,812,814	107,063,806	2,192,385	942,874	720,192	199,634,340

	<i>Baht</i>	
	2017	2016
Depreciation for the years ended December 31 was included in		
Cost of sales	23,124,572	25,294,550
Administrative expenses	1,357,043	1,720,112
Total	<u>24,481,615</u>	<u>27,014,662</u>
As at December 31,		
The gross carrying amount fully depreciated that is still in use	<u>88,971,666</u>	<u>72,847,019</u>

	As at December 31, 2017			
			Rental per month	
	Lessor	Period	(Million Baht)	Note
Space and equipment rental	Third party	3 years	0.02	renewable when expired
Lease for vehicle	Third party	1 - 4 years	0.38	
Lease for factory equipment	Third party	1 - 4 years	0.10	

The Company has engaged Siam Imperial Appraisal Co., Ltd., who is an independent appraiser in accordance with professional standards of the Valuers Association of Thailand. The appraisal was based on the cost approach

- Land with its carrying amount of Baht 27.90 million were appraised with the appraisal value of Baht 34.50 million and Building with its carrying amount of Baht 44.04 million were appraised with the appraisal value of Baht 60.34 million as per the appraisal report dated December 25, 2017
- Machinery with its carrying amount of Baht 86.67 million were appraised with the appraisal value of Baht 114.53 million as per the appraisal report dated December 19, 2017

Machinery of the Company with its carrying amount of Baht 79.92 million were appraised with the appraisal value of Baht 89.06 million by Siam Appraisal and Services Co., Ltd., an independent appraiser engaged by the Company. The appraisal was based on the cost approach in accordance with professional standards of the Valuers Association of Thailand as per the appraisal report dated January 17, 2017.

The Company's land including existing construction and to be constructed in the future and machinery were mortgaged as collateral for loans from financial institutions (see notes 13 and 17).

11. INTANGIBLE ASSETS

Intangible assets as at December 31, 2017 and 2016 consisted of:

			<i>Baht</i>
	Computer software	Computer software under installation	Total
At cost			
Balance as at January 1, 2016	4,790,100	399,000	5,189,100
Purchase/ transfer in	64,500	116,000	180,500
Disposal/ transfer out	-	-	-
Balance as at December 31, 2016	4,854,600	515,000	5,369,600
Purchase/ transfer in	1,805,060	225,000	2,030,060
Disposal/ transfer out	-	(416,000)	(416,000)
Balance as at December 31, 2017	<u>6,659,660</u>	<u>324,000</u>	<u>6,983,660</u>
Accumulated amortization			
Balance as at January 1, 2016	3,081,731	-	3,081,731
Amortization	504,356	-	504,356
Disposal/ transfer out	-	-	-
Balance as at December 31, 2016	3,586,087	-	3,586,087
Amortization	392,360	-	392,360
Disposal/ transfer out	-	-	-
Balance as at December 31, 2017	<u>3,978,447</u>	<u>-</u>	<u>3,978,447</u>
Net book value			
Balance as at December 31, 2016	<u>1,268,513</u>	<u>515,000</u>	<u>1,783,513</u>
Balance as at December 31, 2017	<u>2,681,213</u>	<u>324,000</u>	<u>3,005,213</u>

		<i>Baht</i>
	2017	2016
Amortization for the years ended December 31		
was included in administrative expense	<u>392,360</u>	<u>504,356</u>
As at December 31		
The gross carrying amount fully amortized		
that is still in use	<u>3,082,100</u>	<u>1,479,569</u>

12. DEFERRED TAX

Deferred tax as at December 31, 2017 and 2016 consisted of:

		<i>Baht</i>
	2017	2016
Deferred tax assets	6,411,753	3,998,581
Deferred tax liabilities	(6,411,753)	(3,998,581)
Deferred tax assets - net	-	-

Movements of deferred tax assets and liabilities occurred during the years were as follows:

							<i>Baht</i>
	January 1, 2016	Profit (loss)	Other comprehensive loss	December 31, 2016	Profit (loss)	Other comprehensive income	December 31, 2017
Deferred tax assets							
Inventories	159,203	6,505	-	165,708	(52,213)	-	113,495
Employee benefit obligations	788,428	183,856	(42,530)	929,754	(456,029)	88,228	561,953
Tax loss carry forward	9,772,921	(6,869,802)	-	2,903,119	2,833,186	-	5,736,305
Total	<u>10,720,552</u>	<u>(6,679,441)</u>	<u>(42,530)</u>	<u>3,998,581</u>	<u>2,324,944</u>	<u>88,228</u>	<u>6,411,753</u>
Deferred tax liabilities							
Property, plant and equipment	(5,297,009)	1,298,428	-	(3,998,581)	(2,413,172)	-	(6,411,753)
Total	<u>(5,297,009)</u>	<u>1,298,428</u>	<u>-</u>	<u>(3,998,581)</u>	<u>(2,413,172)</u>	<u>-</u>	<u>(6,411,753)</u>

13. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTION

Bank overdraft and short-term loans from financial institutions as at December 31, 2017 and 2016 consisted of:

	<i>Baht</i>	
	2017	2016
Bank overdraft	4,611,009	3,417,661
Promissory notes	16,000,000	16,000,000
Trust receipt	14,252,348	14,517,376
Total	34,863,357	33,935,037

The Company has credit facilities with financial institutions consisted of:

Financial institutions	Type of credit	<i>Million Baht</i>		Referred	Collateral
		Credit limit		interest rate (Percentage per annum)	
		2017	2016		
Commercial Bank	Bank overdrafts	15.00	10.00	MOR	The Company's land including existing construction and to be constructed in the future (see note 10) for used as collateral, including the benefits from insurance of such collateral
	Promissory notes	16.00	16.00	MLR	
Commercial Bank	Letter of credit / Trust receipt/ Letter of guarantee	15.00	15.00	MLR, SIBOR	25 percent of right to received payment under the account and /or bill of exchange for promissory notes (see note 9)

14. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2017 and 2016 consisted of:

		<i>Baht</i>
	2017	2016
Trade payables	65,381,098	59,910,022
Other payables		
Accrued expenses	11,931,736	8,251,588
Other payables	2,848,416	2,397,964
Total	14,780,152	10,649,552
Grand total	80,161,250	70,559,574

15. CURRENT PORTION OF LIABILITIES

Current portion of liabilities as at December 31, 2017 and 2016 consisted of:

			<i>Baht</i>
	Note	2017	2016
Loans from financial institutions	17	3,310,099	1,364,745
Liabilities under finance lease	18	5,840,994	6,145,820
Total		9,151,093	7,510,565

16. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, 2017 and 2016 consisted of:

		<i>Baht</i>
	2017	2016
Advance received	10,547,500	9,273,000
Withholding tax payable	963,005	1,261,405
Revenue received in advance	416,195	416,195
Total	11,926,700	10,950,600

17. LOANS FROM FINANCIAL INSTITUTIONS

Loans from financial institutions as at December 31, 2017 and 2016 consisted of:

	Baht	
	2017	2016
Loans from financial institutions	16,320,700	1,364,745
Less Current portion	(3,310,099)	(1,364,745)
Long-term loans from financial institutions	13,010,601	-

The details of long-term loans from financial institutions are as follows:

Lender	Million Baht				Period	Referred	Repayment
	Credit limit		Principal			interest rate	
	2017	2016	2017	2016		(Percentage	
						Per annum)	
Commercial Bank	-	14.00	-	1.36	July 2012 - June 2017	MLR	Monthly principal repayment with interest of Baht 0.23 million, first repayment start after 7 months of intial loan withdrawal.
Commercial Bank	12.55	-	11.70	-	June 2017 - May 2022	MLR	Monthly principal repayment with interest of Baht 0.21 million, first repayment started in October 2017
Commercial Bank	5.00	-	4.62	-	August 2017 - July 2022	MLR	Monthly principal repayment with interest of Baht 0.10 million, first repayment started in September 2017
			16.32	1.36			

Movements of loans from financial institutions for the years ended December 31, 2017 and 2016 were as follows:

	Baht	
	2017	2016
Beginning balance	1,364,745	4,164,745
Increase	17,199,000	-
Decrease	(2,243,045)	(2,800,000)
Ending balance	16,320,700	1,364,745

The Company's land including existing construction and to be constructed in the future and machinery (see note 10) including the benefits from insurance of such collateral.

The Company has to maintain its debt-to-equity ratio.

18. LIABILITY UNDER FINANCE LEASE

Liability under finance lease as at December 31, 2017 and 2016 consisted of:

<i>Baht</i>						
Year	2017			2016		
	Present value	Deferred interest	Minimum lease payment	Present value	Deferred interest	Minimum lease payment
Finance leases						
1	5,514,600	1,028,803	6,543,403	2,272,328	187,338	2,459,666
2 - 5	14,853,659	1,606,762	16,460,421	1,833,502	48,985	1,882,487
	<u>20,368,259</u>	<u>2,635,565</u>	<u>23,003,824</u>	<u>4,105,830</u>	<u>236,323</u>	<u>4,342,153</u>
Sale and lease back agreement						
1	326,394	2,192	328,586	3,873,492	192,549	4,066,041
2 - 5	-	-	-	326,394	2,192	328,586
	<u>326,394</u>	<u>2,192</u>	<u>328,586</u>	<u>4,199,886</u>	<u>194,741</u>	<u>4,394,627</u>
Total						
1	5,840,994	1,030,995	6,871,989	6,145,820	379,887	6,525,707
2 - 5	14,853,659	1,606,762	16,460,421	2,159,896	51,177	2,211,073
	<u>20,694,653</u>	<u>2,637,757</u>	<u>23,332,410</u>	<u>8,305,716</u>	<u>431,064</u>	<u>8,736,780</u>

The Company entered into a finance lease agreement for purchase of machinery, vehicle and office equipment which is payable monthly in the amount of Baht 0.86 million (year 2016: Baht 0.70 million). The current portion in the amount of Baht 5.85 million (year 2016: Baht 6.15 million) was presented under current liabilities.

19. EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present value of employee benefit obligations for the years ended December 31, 2017 and 2016 were as follows:

	<i>Baht</i>	
	2017	2016
Post-employment benefit plan		
Employee benefit obligations as at January 1	4,436,123	3,942,146
Included in profit or loss:		
Current service cost	446,592	507,685
Interest cost	101,666	198,942
Included in other comprehensive income:		
Defined benefit plan actuarial (gains) losses	441,141	(212,649)
Decreased in liability from retirement	(2,174,616)	-
Employee benefit obligations as at December 31	<u>3,250,906</u>	<u>4,436,124</u>

The Company made defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

The principal actuarial assumptions as at December 31, 2017 and 2016 (expressed as weighted averages) are as follows:

	Monthly employees		Daily employees	
	2017	2016	2017	2016
Discount rate (%)	2.94	2.96	2.94	2.96
Future salary increases (%)	4.00	4.00	2.50	2.50
Turnover rate (%)	0 - 20	0 - 20	3 - 42	3 - 42
Retirement age	60 years	60 years	60 years	60 years
Mortality rate	Thai Mortality Ordinary Table 2017	Thai Mortality Ordinary Table 2008	Thai Mortality Ordinary Table 2017	Thai Mortality Ordinary Table 2008
Disability rate	5 percent of Mortality rate	5 percent of Mortality rate	5 percent of Mortality rate	5 percent of Mortality rate

The result of sensitivity analysis for significant assumptions that affect the present value of the post-employment benefit obligations as at December 31, 2017 are summarised below:

	<i>Baht</i>	
	Increase	Decrease
Discount rate (0.5% Movement)	(226,920)	248,181
Salary increase rate (0.5% Movement)	236,274	(218,685)
Turnover rate (10% Movement)	(341,119)	393,236

20. SHARE CAPITAL

The General Shareholders' Meeting held on April 28, 2016 approved the transfer of legal reserve and premium on share capital to compensate deficits by considering on the statement of financial position as at December 31, 2015.

21. WARRANTS

On May 9, 2013, the Company issued Employee Stock Option Plan: ESOP in the amount of 6,000,000 warrants to the directors and employees. The details of the warrants were described belows:

Type of Securities	: Warrants purchasing ordinary shares of the Company to allot to the directors and employees.
Type of Warrants	: Specified warrant's holder and not transferable.
Term of Warrants	: 5 years from the issuing date of warrants.
Numbers of Warrants	: 6,000,000 units
Offering Price	: 0 Baht per unit.
Exercise Ratio	: Existing exercise ratio for ESOP warrant equal to 1 : 1 (1 ESOP warrant to purchase 1 ordinary share) to new exercise ratio for ESOP warrant equal to 1 : 1.16 (1 ESOP warrant to purchase 1.16 ordinary share).
Exercise Price	: Baht 0.50 per share (Subject to the right adjustment in accordance with rules and conditions).
Exercise Period	: <u>The first</u> 3 days after the Company issued warrants exercisable at end of 0.5 year, 25% of the warrants have been allocated. <u>The second</u> 3 days after the Company issued warrants exercisable at end of 1 year, 25% of the warrants have been allocated. <u>The third</u> 3 days after the Company issued warrants exercisable at end of 1.5 years, 50% of the warrants have been allocated.

The fourth 3 days after the Company issued warrants exercisable at end of 2 years, 50% of the warrants have been allocated.

The fifth 3 days after the Company issued warrants exercisable at end of 2.5 years, 75% of the warrants have been allocated.

The sixth 3 days after the Company issued warrants exercisable at end of 3 years, 75% of the warrants have been allocated.

The seventh 3 days after the Company issued warrants exercisable at end of 3.5 years, all of the warrants have been allocated.

The eighth 3 days after the Company issued warrants exercisable at end of 4 years, all of the warrants have been allocated.

The ninth 3 days after the Company issued warrants exercisable at end of 4.5 years, all of the warrants have been allocated.

The tenth 7 days before the Company issued warrants exercisable at end of 5 years, all of the warrants have been allocated.

The last exercisable period : May 2-8, 2018

As at December 31, 2017, the warrants have been fully exercised in fully amount.

During the years 2017 and 2016, movements of warrants and fair value of the warrants were as follows:

	2017		2016	
	Number of warrants	<i>Baht</i> Fair value	Number of warrants	<i>Baht</i> Fair value
As at January 1	110,402	108,967	1,331,912	2,023,174
Issued warrants	-	-	-	-
Exercised warrants	(105,959)	(104,582)	(1,181,060)	(1,794,030)
Forfeited warrants	(4,443)	(4,385)	(40,450)	(61,444)
As at December 31	-	-	110,402	167,700

The Company issued ordinary shares offering to exercise warrants for directors and employees (see note 21). The details were described bellows:

Date *	Number of shares increase capital (shares)	<i>Million Baht</i> Paid-up share capital	
		From	To
May 15, 2017	105,959	149.49	149.55

* Date of registration of capital increase with the Ministry of Commerce.

22. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2017 and 2016 consisted of:

	<i>Baht</i>	
	2017	2016
Changes in finished goods and work in process	(9,161,211)	9,062,211
Raw materials and supplies used	150,921,403	131,225,881
Employee expenses	109,297,111	104,625,757
Subcontract expenses	114,885,747	104,047,569
Depreciation and amortization	24,873,975	27,519,018
Utility expenses	15,203,990	14,912,877
Repair and maintenance expenses	5,421,479	5,627,180
Rental and service expenses	5,779,208	5,474,660
Loss on sale and written off of assets	107,473	4,465,217
Loss from impairment of fixed assets (reversal)	(2,750,636)	3,866,624
Professional fee	3,705,754	4,128,370
Travelling expenses	3,379,235	3,109,700

23. FINANCE COSTS

Finance costs for the years ended December 31, 2017 and 2016 consisted of:

	<i>Baht</i>	
	2017	2016
Interest expenses	4,154,271	4,010,966

24. INCOME TAX

Corporate income tax for the years ended December 31, 2017 and 2016 was calculated at a rate specified by the Revenue Department on net earnings after adjusting certain conditions according to the Revenue Code. The Company recorded the corporate income tax as expense for the years and recorded the accrued portion as liabilities in the statements of financial position.

Income tax reduction

The Revenue Code Amendment Act (No. 42) B.E. 2559 dated March 3, 2016, grants a reduction of the corporate income tax rate from 30% to 20% of net profit for accounting periods beginning on or after January 1, 2016, which will be effective on March 5, 2016, onwards.

Tax expense recognized in profit (loss) for the years ended December 31, 2017 and 2016 as follows:

	<i>Baht</i>	
	2017	2016
Current tax		
Current year	-	-
Deferred tax		
Movement in temporary differences	(88,228)	(5,381,013)
Tax expenses	<u>(88,228)</u>	<u>(5,381,013)</u>

Income tax recognised in other comprehensive income (loss) for the year ended December 31, 2017 and 2016 as follows:

	<i>Baht</i>	
	2017	2016
Employee benefit obligations	<u>88,228</u>	<u>(42,530)</u>

Reconciliation of effective tax rate

	2017		2016	
	Tax rate (%)	<i>Baht</i>	Tax rate (%)	<i>Baht</i>
Profit (loss) before income tax		<u>6,376,615</u>		<u>(18,233,493)</u>
Income tax using the corporate tax rate	20	(1,275,323)	20	3,646,699
Expenses not deductible for tax purposes		374,056		(2,822,415)
Addition expenses deductible for tax purposes		2,396,077		2,990,885
Loss for current year		<u>(1,494,810)</u>		<u>(3,815,169)</u>
Current tax	-	-	-	-
Movement in temporary differences		<u>(88,228)</u>		<u>(5,381,013)</u>
Tax expenses	1	<u>(88,228)</u>	30	<u>(5,381,013)</u>

25. LEGAL RESERVE

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital.

26. PROVIDENT FUND

The Company and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The Fund is contributed to by both the employees and the Company. The Fund is managed by Krung Thai Asset Management Public Company Limited. This Fund is registered under the conditions of Ministry of Finance and the Fund is managed by the Fund manager.

27. PROMOTIONAL PRIVILEGES

The Company was granted promotional privileges under the Investment Promotion Act, B.E. 2520 to manufacture automobile and electronic parts made from aluminums and zinc was significant summarized as follows:

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- Exemption from import duty on machinery as approved by the Board of Investment which import within July 26, 2013.
- Exemption from corporate income tax on net profit derived from the operations of promoted businesses for a period of 8 years from the date operating income is first derived and a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date of the corporate income tax exemption.
- Exemption from income tax on dividends received from the operations of the promoted business.
- An allowance to double deduct the transportation, electricity and water expenses for period of ten years from the data income is first earned.
- An allowance to deduct 25 percent of investment in infrastructure in addition to normal depreciation.

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- Exemption from import duty on machinery as approved by the Board of Investment which import within January 7, 2018.
- Exemption from corporate income tax on net profit derived from the operations of promoted businesses for a period of 8 years from the date operating income is first derived and a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date of the corporate income tax exemption.
- Exemption from income tax on dividends received from the operations of the promoted business.
- An allowance to double deduct the transportation, electricity and water expenses for period of ten years from the data income is first earned.
- An allowance to deduct 25 percent of investment in infrastructure in addition to normal depreciation.

As a promoted industry, the Company has to comply with terms and conditions stipulated in the promotion certificate.

Revenue presented by the operation of promoted business and non promoted business for the years ended December 31, 2017 and 2016, consisted of:

	2017			2016		
	Domestic	International	Total	Domestic	International	Total
Promoted business	115,050,300	9,104,924	124,155,224	55,055,107	3,401,582	58,456,689
Non promoted business	293,030,095	20,714,300	313,744,395	326,225,567	25,783,269	352,008,836
Total	408,080,395	29,819,224	437,899,619	381,280,674	29,184,851	410,465,525

28. BUSINESS SEGMENT INFORMATION

Operating segment information is reported in a manner consistent maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

Management considers that the Company operates in a single line of business, manufacture and sell exhaust system and tooling and has therefore only one business segment.

The Company operates in a single geographic area, namely in Thailand, and management considering that has therefore only one geographic segment.

Information about major customers

In year 2017, the Company has revenues from three major customers totaling in the amount of Baht 220.81 million (year 2016: 3 major totaling in the amount of Baht 184.33 million)

29. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2017, the Company had commitments and contingent liabilities as follows:

29.1 Commitments for payment under agreement as follows:

29.1.1 Operating lease agreement for building and equipment, with the future minimum lease payment were as follows:

Period	Thousands Baht
Under 1 year	5,527
More than 1 year but not over 5 years	4,493

29.1.2 Consultant agreement with other person of Baht 0.02 million per month.

29.1.3 Service agreement with third parties in the amount of Baht 0.01 million per month.

29.1.4 Asset under installation agreement with third parties in the remaining amount of Baht 0.08 million.

29.2 The letters of guarantee issued by banks used as collateral for electricity used of Baht 1.33 million (see note 9).

30. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has no policy to speculate or trade in any derivatives financial instrument.

30.1 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

30.2 Accounting policies

Details of significant accounting policies, methods adopted, including the bases on which income and expenses are recognized, in respect of each class of financial assets or financial liabilities are disclosed in note 3.

Significant risks of the financial instruments are summarized as follows:

30.2.1 Interest rate risk

Interest rate risk is the fluctuation of the market interest rate in the future which will affect the Company's operation and cash flows. The Company has the interest rate risk from cash and deposits at bank, bank overdrafts and loans from bank and liabilities under finance lease because the interest rate of financial assets and financial liabilities fluctuated based on the market rate. Therefore, the Company has not engaged in any hedging contracts.

30.2.2 Foreign currency risk

The Company's exchange rate risk primarily involves the purchases and sales of goods in foreign currencies. However, management believes that the Company has no significant foreign currency exchange rate risk. Therefore, the Company does not use derivative to hedge such financial assets and liabilities.

30.2.3 Credit risk – trade accounts receivable

The Company has a policy to hedge credit risk from trade accounts receivable by forming a conservative credit policy and by determining the receipt from the sales of goods and service. Therefore, the Company expects that the loss from the collection of those trade accounts receivable should not exceed the allowance for doubtful accounts.

30.3 Fair value

Most of the financial assets are cash and cash equivalents, trade and other receivables which are short-term credit. Most of the financial liabilities are trade and other payables, bank overdrafts and loans from financial institution and short-term loans from related parties and liabilities under

finance lease with interest rates close to the market rate. The carrying amount of the financial assets and financial liabilities are not significantly different from their fair value.

31 RECLASSIFICATION

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2016 to conform to the presentation of the financial statements of this year which consisted of:

	Before	reclassification	<i>Baht</i> After
Other current assets	9,822,338	(2,356,800)	7,465,538
Other non-current assets	1,278,256	2,356,800	3,635,056

16. AUDITOR'S REPORT

16.1 AUDITOR'S REPORT

AUDITOR'S REPORT

To the Shareholders of Sanko Diecasting (Thailand) Public Company Limited

Opinion

I have audited the accompanying financial statements of Sanko Diecasting (Thailand) Public Company Limited ("the Company"), which comprise the statement of financial position as at December 31, 2017, the statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sanko Diecasting (Thailand) Public Company Limited as at December 31, 2017, 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 Accounts issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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.

<i>The key audit matter</i>	<i>Audit procedures</i>
<p><i>Impairment of building and machinery</i></p> <p>For many years to the present, the economic condition over the automotive industry, both of international and domestic, are continuing slowdown which affect to the substantially decrease in the consumer demand for buying cars and the revenue from sale of goods to main customers, who are in the domestic automotive sector, are also decreased. There is a risk that the building and machinery using in the production, which is significant high value transaction, may not reflect to the impairment of assets.</p>	<p>Other than making the inquiries, the audit procedures for impairment of building and machinery included sampling test the calculation model of net realizable value as follows:</p> <ul style="list-style-type: none"> - assessing and testing the appropriateness of the variables and estimations comprising the replacement cost, depreciation from physical deterioration, functional obsolescence and economic obsolescence, useful life and physical

<i>The key audit matter</i>	<i>Audit procedures</i>
<p>As at December 31, 2017, the carrying amount of building and machinery of Baht 130.71 million disclosed in note 10.</p> <p>I have identified the building and machinery to be the key audit matters as its high value is significant to the financial statements and the considerable uncertainty of variables and estimations occurring from the consideration of allowance for impairment of assets based on the appraisal fair value of assets by an independent appraiser in accordance with professional standards of the Valuers Association of Thailand.</p>	<p>life, and physical factors;</p> <ul style="list-style-type: none"> - testing the calculation model using to calculate the allowance for impairment of building and machinery; - evaluating the appraiser's competence and capabilities with the conditions of the engagement of the Company in order to consider the matters that affect to the appraiser's objectivity regarding their considerations or scope of works.
<p>Recognition of revenue from sales</p> <p>The Company has revenue from domestic and international sales, which is significant high value transaction. Due to sale transactions has a variety of delivery terms and revenue recognition which affected to the risk relating to the proper period of revenue recognition corresponding to its delivery terms. For the year ended December 31, 2017, the revenue from sales is of Baht 437.90 million.</p> <p>I have identified the revenue from sales to be the key audit matters as its high value is significant to the financial statements.</p>	<p>Other than making the inquiries, the audit procedures for recognition of revenue from sales included sampling test as follows:</p> <ul style="list-style-type: none"> - assessing the efficiency and test of internal control relates to the sales system; - inspecting sale documents occurred during the year to consider the delivery term and the proper period of revenue recognition; - sale cut-off with sale documents nearby before and after end of reporting period; - inspecting credit notes issued after reporting period; - reviewing the adjustments relating to sale after reporting period.

Other Information

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

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

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

When I read the annual report, 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.

Khaymanundt Chaichuen
 Certified Public Accountant
 Registration No.8260

Siam Truth Audit Company Limited
 Bangkok, February 23, 2018

16.2. Important Financial Information

Financial Status and Performance

16.2.1. Financial Statement

(a) The auditor and important accounting policies

The report of the Certified Public Account (CPA) of the year 2015 to 2017 can be summarized as follows,

The auditor report for the financial statement of the Company for the accounting year 2015 ending on 31st December 2015 which was audited by PV Audit co.ltd with Mr. Kraisit Silapamongkolkul, auditor license no. 9429 and as the auditor approved by the Securities and Exchange Commission, giving opinions unconditionally on the 31st December 2015 where all operation performance and cash flows of the year end on the same day, correctly and appropriately according to the standards of the financial statement report.

The auditor report for the financial statement of the Company for the accounting year 2016 ending on 31st December 2016 which was audited by Ms. Khaymanundt Chaichuen, auditor license no. 8260 However, during the interim financial statements as of 31 December 2016, the auditor had relocated from the original office to the Siam Truth Audit Co., Ltd and as the auditor approved by the Securities and Exchange Commission, giving opinions unconditionally on the Financial Status and Performance, correctly and appropriately according to the standards of the financial statement report.

The auditor report for the financial statement of the Company for the accounting year 2017 ending on 31st December 2017 which was audited by Ms. Khaymanundt Chaichuen, auditor license no. 8260 and as the auditor approved by the Securities and Exchange Commission, giving opinions unconditionally on the Financial Status and Performance, correctly and appropriately according to the standards of the financial statement report.

Tables showing the financial status and performance.

(Unit: million Baht)

Summaries of the financial status	Audited					
	Ending on 31 st DEC 2015		Ending on 31 st DEC 2016		Ending on 31 st DEC 2017	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents	25.17	7.56%	21.68	7.13%	15.63	4.49%
Account Receivable and Other Receivables	46.48	13.97%	53.59	17.62%	63.84	18.35%
Inventories	46.84	14.07%	39.20	12.88%	49.62	14.26%
Other Current Assets	7.24	2.17%	7.46	2.45%	8.16	2.35%
Total Current Assets	125.73	37.78%	121.93	40.08%	137.25	37.45%
Cash in deposits with banks guarantee	5.98	1.79%	5.98	1.97%	5.08	1.46%
Lands, Buildings and Equipments	187.55	56.35%	170.89	56.17%	199.63	57.39%
Intangible Assets	2.11	0.63%	1.78	0.59%	3.01	0.87%

Summaries of the financial status	Audited					
	Ending on 31 st DEC 2015		Ending on 31 st DEC 2016		Ending on 31 st DEC 2017	
	Amount	%	Amount	%	Amount	%
Deferred Tax Assets	5.42	1.63%	-	0.00%	-	-
Other Non-Current Assets	6.03	1.81%	3.63	1.19%	2.90	0.83%
Total Non-Current Assets	207.09	62.22%	182.29	59.92%	210.62	60.55%
Total Assets	332.82	100.00%	304.23	100.00%	347.87	100.00%
Over Draft and Short-Term Loans from Financial Institution	37.68	11.15%	33.93	11.15%	34.86	10.02%
Account Payable and Other Payables	63.72	23.19%	70.56	23.19%	80.16	23.04%
Under 1 Year Liabilities	10.92	2.47%	7.51	2.47%	9.15	2.63%
Accrued Expense	15.00	4.93%	15.00	4.93%	15.00	4.31%
Other Current Liabilities	10.71	3.60%	10.95	3.60%	11.93	3.43%
Total Current Liabilities	138.03	41.47%	137.95	45.35%	151.10	43.44%
Long-Term Loans from Financial Institution	1.36	0.41%	-	-	13.01	3.74%
Liabilities under Long-Term Financial Lease	8.24	2.48%	2.16	0.71%	14.85	4.27%
Deferred Tax Liabilities	-	-	-	-	-	-
Employee benefits	3.94	1.18%	4.44	1.46%	3.25	0.93%
Total Non-Current Liabilities	13.55	4.07%	6.60	2.17%	31.11	8.94%
Total Liabilities	151.57	45.54%	144.55	47.52%	182.21	52.38%
Registered Capital	150.34	45.17%	150.34	49.42%	150.34	44.22%
Paid in Capital	148.90	44.74%	149.49	49.14%	149.55	42.99%
Premium on share capital	52.87	15.89%	33.51	11.01%	33.61	9.66%
Warrants	0.11	0.03%	0.12	0.04%	-	-
Legal Reserves	2.22	0.67%	-	-	0.39	0.11%
Unappropriated Retained Earnings	-22.85	-6.87%	-23.44	-7.71%	-17.89	-5.14%
Total Owner's Equity	181.24	54.46%	159.68	52.49%	165.65	47.62%
Total liabilities and shareholders' equity	332.82	100.00%	304.23	100.00%	347.87	100.00%

(Unit: million Baht)

Statement of Comprehensive Income	Audited					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
Revenue from Sales and Services	420.51	100.00%	410.47	100.00%	437.90	100.00%
Costs of Sales and Services	- 352.44	-83.81%	-349.29	-85.10%	-367.32	83.88%
Gross Profit	68.06	16.19%	61.18	14.90%	70.58	16.12%

Statement of Comprehensive Income	Audited					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
Other income	6.45	1.53%	4.11	1.00%	4.52	1.03%
Selling Expenses	- 7.17	-1.71%	-7.59	-1.85%	7.52	-1.72%
Administrative Expenses	- 57.45	-13.66%	-71.92	-17.52%	57.05	13.03%
Financial Costs	- 7.27	-1.73%	-4.01	-0.98%	-4.15	-0.95%
Profit (Loss) before Tax	2.62	0.62%	-18.23	-4.45%	6.38	1.46%
Income Tax	-5.75	-1.37%	-5.38	-1.31%	-0.09	-0.02%
Profit (Loss) per installment	- 3.13	-0.74%	-23.61	-5.76%	6.29	1.44%
Other Comprehensive Income (Loss)						
Defined benefit plan actuarial gain (loss)	-0.30	-0.07%	0.21	0.05%	-0.44	-0.10%
Income tax on other comprehensive income (loss) relating to items that will never be reclassified	0.06	0.01%	-0.04	-0.01%	0.09	0.02%
Other Comprehensive Income (Loss)-net of tax	-0.24	-0.06%	0.17	0.04%	-0.35	-0.08%
Comprehensive Income per Installment	- 3.37	-0.80%	-23.44	-5.72%	5.94	1.36%
Basic Earnings (Loss) per Share	-		-		-	
Weighted Average Number of Ordinary Shares (Shares)	252,325,969		297,970,170		299,056,934	
Profit per Shares (Baht / Share)	-0.01	-	-0.08	-	0.02	-
At the value of 0.50 per share	0.50		0.50		0.50	

(Unit: million Baht)

Statement of Cash Flow	Audited		
	2015	2016	2017
Cash Flow from Operating Activities	-	-	-
Profit before Tax	2.62	-18.23	6.38
Adjusting profit before tax to net cash from (used in) operating activities	-	-	-
Depreciation and Amortization	27.37	27.52	24.87
Loss from devaluation of inventories(reversal)	-2.09	0.14	-0.34
Loss (profit) from impairment of assets	-	3.87	-2.75
Doubtful accounts			0.35
Loss (Profit) from amortization	0.99	4.46	0.11
Unrealized gain on exchange rate			-0.05
Compensation for employees and fair value adjustment of warrants	1.27	0.01	-0.12

Statement of Cash Flow	Audited		
	2015	2016	2017
Interest received	- 0.13	-0.10	-0.09
Finance costs	7.27	4.01	4.15
Cash Flow before changes in working capital	37.30	21.68	32.52
Changes in working capital			
Account Receivable and other Receivable	3.50	-7.11	-10.55
Inventories	2.45	7.50	-10.03
Other Current Assets	6.47	-0.23	0.61
Other Non-Current Assets	-	-2.16	-9.54
Account Payable and other Payables	- 14.10	6.85	9.61
Employee benefit obligations	0.64	0.70	-1.63
Other Current Liabilities	-10.10	0.24	0.98
Cash Inflows from Operation	26.16	27.47	11.96
Interest Received	0.14	0.10	0.09
Income tax returned	-	1.21	0.58
Income tax paid	-0.92	-1.12	-0.94
Net Cash Provided by Operating Activities	25.38	27.66	11.69
Cash Flows from Investing Activities			
Purchase of building and equipment	-15.81	-14.23	-21.88
Purchase of intangible assets	-0.16	-0.18	-1.18
Sale of equipment	0.01	0.01	0.38
Decrease in restricted bank deposits	-	-	0.90
Net cash used in investing activities	- 15.96	-14.40	-21.78
Cash flows from financing activities			
Repayment of bank overdraft and short-term loans from financial institutions	- 19.02	-3.74	0.93
Proceeds from short-term loans from related parties	15.00	-	12.50
Repayments of short-term loans from related parties	-21.00	-	-12.50
Proceeds from loans from financial institutions	-	-	17.20
Repayments of loans from financial institutions	-12.44	-2.80	-2.24
Proceeds from sale and leaseback agreement	9.65	-	-
Repayments of liability under finance lease	- 12.06	-8.05	-7.85
Proceeds from issuing ordinary shares from warrants exercised	55.91	1.86	0.16
Finance cost paid	-7.31	-4.02	-4.16
Net cash provided by (used in) financing activities	8.73	-16.75	4.04
Net decrease in cash and cash equivalents	- 18.15	-3.49	-6.05
Cash and cash equivalents at the beginning of year	7.02	25.17	21.68
Cash and cash equivalents at the end of the year	25.17	21.68	15.63

(Unit: million Baht)

(b) Key Financial Ratio

Financial Ratio		2015	2016	2017
Liquidity Ratio				
Current Ratio	Times	0.91	0.90	0.91
Quick Ratio	Times	0.57	0.62	0.58
Cash Flow Liquidity Ratio	Times	0.18	0.16	0.10
Account Receivable Turnover	Times	8.72	8.42	7.46
Average Collection Period	Days	41.86	43.37	48.94
Inventory Turnover	Times	7.50	8.12	8.27
Average holding period	Days	48.67	44.95	44.13
Payable Turnover	Times	4.56	5.22	4.87
Payable Conversion Period	Days	80.04	69.95	74.88
Cash cycle	Days	10.49	18.37	18.19
Gross Profit Margin	%	16.19	14.90	16.12
Operating Profit Margin	%	2.35	-3.43	1.37
Other Profit	%	0.62	-4.44	1.46
Quality of Earnings	%	256.88	-118.93	248.49
Net Profit Margin	%	-0.74	-5.75	1.44
Return on Equity (ROE)	%	-1.73	-14.79	3.59
Return on Assets (ROA)	%	-0.94	-7.45	1.71
Return on Fixed Assets (ROFA)	%	-1.51	-13.18	2.98
Total Asset Turnover	Times	1.26	1.35	1.26
Debt to Equity Ratio	Times	0.84	0.91	1.10
Interest Coverage Ratio	Times	0.47	-3.55	1.43
Cash basis	Times	0.32	0.83	0.27
Dividend Payout	%	-	-	-

17. Report of the Board of Directors' Responsibilities for the Financial Statements

The main priority of the Board of Directors is to supervise the Company's operations, making sure they are in line with good corporate governance policy and that the financial statements and financial information appearing in the Company's annual report are accurate, complete and adequate. Its duty is also to make sure that the financial statements are in line with Thai Financial Reporting Standards and that an appropriate accounting policy has been chosen and is being carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to assure the credibility of its financial statements. The Board also ensures protection over potential conflicts of interest through systems which are place to prevent unusual transactions. Connected transactions which might lead to possible conflicts of interest are closely monitored to ensure they are genuine transactions and are reasonably carried out, based on the normal course of business and for the Company's maximum benefits, and that the Company is in compliance with relevant laws and regulations. The Audit Committee has already reported the result of its action to the Board of Directors and has also reported its opinions in the Audit Committee's Report as seen in the annual report. The Board of Directors is of the opinion that the Company's internal control system has been proven to be satisfactory. The Board was able to obtain reasonable assurance on the credibility of the Company's financial statements as at 31 December 2017 which the Company's auditor has audited based on the generally-accepted accounting standards. The auditor is of the opinion that the financial statements present fairly the Company's financial position and the results of its operations in accordance with generally accepted accounting principles.

Mr. Masami Katsumoto
Director

Mr. Rattawat Suksaichol
Director

18. The Annual Audit Committee Report for the Year 2017

To Shareholders of Sanko Diecasting (Thailand) Public Company Limited.

The 3 members of the Audit Committee of Sanko Diecasting (Thailand) Public Company Limited are independent directors, whose qualifications are in accordance with the requirements and good practices of the Stock Exchange of Thailand. Presently, the Audit committee of the company consists of;

- | | |
|------------------------------|----------------------------------|
| 1. Miss Walaiporn Kanignunta | Chairman of the Audit committee, |
| 2. Mr. Santi Niamnil | Audit Committee |
| 3. Mr. Nipan Tungpiruhatum | Audit Committee |

And Ms. Prapaphan Chanapal, as the secretary to the Audit committee.

The Audit committee has executed all duties and undergone all responsibilities as assigned by the Board of Directors which also correspond to the regulations of the Stock Exchange of Thailand. This is to hold the meeting of the Audit committee 4 times during the fiscal year of 2017 and during the year 2018, up until the date of the report, 1 more times for the total of 5 meetings. Which were held with the Managing Director, auditors and the internal auditor accordingly. The meetings are summarized as follows;

1. **The review of the quarterly and annually financial statement of the year 2017** is achieved by attending with the auditor and the Managing Director and the auditor regarding the accuracy and the completeness of the financial statement and also the sufficiency in disclosing the information. This also includes acknowledging the audit plans and procedures for the year 2016, to which the Auditor committee and the auditor both agreed that the said financial statement is accurate under the general accounting principles.
2. **The review of the operational information and the internal control system** by determining the sufficiency and the effectiveness of the internal control system which will contribute to reaching the targeted goal. This is achieved by reviewing the evaluation of the internal control system together with the auditor and the internal auditor. The result is that there are no significant weaknesses or faults, and that the assets have been appropriately looked after with accurate, complete and reliable information. Moreover, the committee has evaluated the internal control system, as guided by the Securities and Exchange Commission, where both the auditor and the internal audit had the opinion that the company has a good internal control system and had continued development.
3. **The review of the internal audit** by evaluating the working procedures, planning, reporting and following through with the advice of Thai Audit Ltd. , who acts as the internal audit of the company in order to achieve efficiency and effectiveness. They also reviewed and approved the amendments of

the Internal Audit Charter to be more modernized and comply with the guidelines issued by the internal audit of the Stock Exchange of Thailand as well as approving the annual audit plan which is arranged by the level of risks to the organization. The Audit committee agrees that the company has adequate and effective internal audit system in accordance with the international standards.

4. **The review of the legislative compliances** under the Security and Exchange Commissions, the requirements of the Stock Exchange of Thailand and the laws relating to the company's business, including the compliance with the company's provision and any obligations that the company has with the third party. The Audit committee agrees that there are no significant issues which violate the laws, requirements, and any obligations that the company has to the third party.

5. **The review of the risk management system** so that it connects with the internal audit system, in order to manage all the risks of the company. This is done by evaluating the policies, risk factors, and the approach to manage the risks, including the progress of the current risks management. The Audit committee is of the opinion that the company emphasizes on the risk management aspect and that the Management has evaluated the Risk Assessment that could significantly affect the company, both from internal factor and external factor regularly. The Company has appointed a working group to manage the risk and be responsible for this specific task. The Company has configured the risk management procedures into 7 steps as follows; 1) Objective setting, 2) Risk Evaluating, 3) Risk Assessment, 4) Control policy assessment, 5) Risk Management, 6) Reporting, 7) Follow up with evaluation and revision, by preparing a risk management handbook as guidelines to operate.

6. **The review and the comments made to the items which may have conflicts of interests, including the disclosure of the said items** as required by the Stock Exchange of Thailand and the Securities and Stock Commission. The auditor believes that all of the company's significant transactions with the related companies have already been shown in the financial statement. The committee also agrees with the auditor that the said items are reasonable, adequately and fully disclosed, and were made to be the most beneficial to the company.

7. **The review of the selection, the nomination and the remuneration of the auditors** for the year 2017, in order to further present it for approval by the Board of the Directors in the annual shareholders meeting of the year 2017. The Audit committee has evaluated the performance, independency and the suitability of the remuneration and comes to the conclusion that Dr. Sirada Jarutaknont Certified Public Accountant license no. 9699 and/or Mr. Bunjong Tichayaprasat, Certified Public Accountant license no. 7147 and/or Ms. Khaymanundt Chaichuen, Certified Public Accountant license no. 8260 and/or Mr. Kraisit Silapamongkolkul, Certified Public Accountant license no.9429 of Siam Truth Audit

Co., Ltd., should be appointed as the company's auditor for the year 2017 with the total remuneration of 1,300,000 baht. The Audit committee has made comments about the said selection as followed;

- In the past years, the auditors must have performed their duties to the best of the ability in their respective fields. They must provide recommendations for the internal control systems and all the risks, including being independent in their work.
- The suggested remuneration is adequate.
- The auditors must not have any connections to the Company.

The Audit committee has carefully and independently performed its duties for the utmost benefits of the Company as stated in the Charter of the Audit Committee which was approved by the Board of the Directors of the company. The committee believes that the company has an adequate financial report, an effective and suitable internal control and internal audit system, a lawful and non-obligation violating practice with a full disclosure in all of the company's transactions within all of the businesses and is constantly developing the operating system to be more effective and much better suited for the growing business.

On behalf of the Audit committee

Miss Walaiporn Kanignunta

(Chairman of the Audit committee)

23 February 2018

19. Management Discussion & Analysis

19.1 Performance

Overall Summary

The Company operate by manufacturing Aluminum and Zinc parts according to the orders of the customers in various industries, such as the automobile industry, the electrical goods industry and the agricultural machinery industry. Due to the continuous slowing down of the overall economy both domestically and internationally for the past years, especially in the automobile industry, this had affected both directly and indirectly to automobile manufacturers who had greatly reduced their productions and in turns, affected the business operation for the past few years. Other than the economic slowdown, there are factors that contributed to the Company's business operation, for example, the market competition for both price and quality.

The Company's performance in the current and previous year can be summarize as follows;

In 2017, the net profit was equal to 6.29 million Baht and in 2016 and 2015, the net loss was equal to 23.61 million Baht and 3.12 million Baht or 1.42%, (5.70%) and (0.73%) of the total income respectively.

Table showing the Company's performance

(Unit: Million Baht)

Description	2015		2016		2017	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
Income	426.96	100.00	414.58	100.00	442.42	100.00
Cost of sales	(352.44)	(82.55)	(349.29)	(84.25)	(367.32)	(83.03)
Selling and administrative expenses	(64.62)	(15.13)	(79.51)	(19.19)	(64.57)	(14.59)
Finance Cost	(7.27)	(1.70)	(4.01)	(0.96)	(4.15)	(0.93)
Tax Expenses	(5.75)	(1.35)	(5.38)	(1.30)	(0.09)	(0.02)
Profit(Loss) – for the year	(3.12)	(0.73)	(23.61)	(5.70)	6.29	1.42
Net Operating	37.31	8.74	21.67	5.22	32.52	7.35
Earning before Interest and Tax	9.90	2.32	(14.22)	(3.43)	10.53	2.38
Gross profit (%)		16.19		14.90		16.12

In 2017, the Company's profit from operations was equal to 32.52 million Baht. This is because the Company had an increase in sales when compared to the previous year of 27.43 million Baht, or 6.86% of last year total income and the costs of sales and management had decreased 14.94 million Baht or 18.79% of the

costs of sales and management in the previous year. However, the Company earned its profit from turning the loss transactions from assets impairment of 2.75 million Baht which was included in the costs of management.

In 2016, the Company's profit from operation was equal to 21.69 million Baht or 5.22% of the total income and had included the amortization of property of 4.46 million Baht, the loss from assets impairment was equal to 3.87 million Baht which was accounting transactions. However, the profit from the said operation had been decreased from the previous year to 15.64 million Baht. Since the costs of production had been increased, for example, costs of raw materials, costs of labor including the costs of sales which were adjusted since the Company had hired more employees in the sales department and the marketing department in order to expand the customers base, increase orders and the costs of management from adjusting the employees' remuneration and the increase in the costs of other management.

In 2015, the Company's profit from operation was equal to 37.31 million Baht, or 8.74% of the total income which did not include deferred income tax of 5.75 million Baht. However, the profit from operation this year was increase from the previous year at 23.63 million Baht or 172.73%. This is because of the sales expansion to the international market and also maintaining the same orders from original customers while at the same time gaining new customers as well.

Although the factors that had been affecting the Company's business operation are relating to the economic situation in the automobile industry, the Company still strives to keep up the stable standard of production including the quality of the products, together with controlling the overall costs of production as well. As for the customers, the Company aims to build a good relationship in order to ensure satisfaction and the confidence in the quality and quantity of the products with on time delivery, and to be a part of various associations and organizations to increase the clients base including expanding to the relating industries and also improving the production technologies to be more advance and widely accepted in the higher level.

Revenue

The products' revenue can be categorized by industrial groups as follows;

(Unit: Million Baht)

Revenue	2015		2016		2017	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
1. Revenue from Sales - Parts	382.19	89.51	382.74	92.32	405.47	91.65
Automobile Industry	276.71	64.81	265.29	64.00	314.94	71.19
Motorcycle Industry	40.71	9.53	53.26	12.84	32.30	7.30
Electronics Industry	46.61	10.92	40.68	9.81	33.48	7.57
Agricultural Machinery Industry and others	18.16	4.25	23.51	5.67	24.75	5.59
2. Revenue from Sales - Molds	34.40	8.06	24.23	5.84	32.43	7.33
Automobile Industry	9.30	2.18	12.27	2.96	24.60	5.56
Motorcycle Industry	22.87	5.36	8.15	1.97	5.48	1.24

Revenue	2015		2016		2017	
	Amount (Baht)	%	Amount (Baht)	%	Amount (Baht)	%
Electronics Industry	1.33	0.31	2.87	0.69	1.95	0.44
Agricultural Machinery Industry and others	0.90	0.21	0.94	0.22	0.40	0.09
Total Revenue from Sales	416.59	97.57	406.97	98.16	437.90	98.98
Revenue from Services	3.92	0.92	3.49	0.84	-	-
Revenue from Sales and Services	420.51	98.49	410.47	99.00	437.90	98.98
Other Revenue*	6.45	1.51	4.11	1.00	4.52	1.02
Total Revenue	426.96	100.00	414.58	100.00	442.42	100.00

*Other Revenue means the income earned from selling scraps and leftover ingredients from the production, profit(loss) from exchange rate which has not yet occurred, profit(loss) from amortization, profit(loss) from depreciation, interest received and other revenue.

Income from sales of molds and parts

In 2017, the total income of the Company was equal to 442.42 million Baht, a 27.84 million Baht increase from the previous year or 6.71%. This is due to a rise in both original and new customers' orders who are very confident in the quality and the price of the Company's products which includes the income from parts and molds, especially in the automotive industry (molds and parts for automobiles and motorcycles) which had increased from the previous year of 38.35 million Baht or 11.31% of the sales for molds and automobile parts in the previous year. The sales from molds and electrical parts had decreased 8.12 million Baht from the previous year or 19.96% of the sales from molds and electrical goods parts in the previous year. The income from services with the technical support contract to a certain motorcycle parts producing company in India had terminated in 2016.

In 2016, the total income of the Company was equal to 414.58 million Baht, a 12.38 million Baht decrease from 2015 or 2.90% due to the continuous slowing down of the automotive industry both domestically and internationally resulting in the customers halting on the orders. The income from the sales of parts and molds in the automotive industry had decreased 10.62 million Baht or 3.04% and the value of the electrical goods group had reduced 4.39 million Baht or 9.16% of the income from sales of parts and molds in the electrical goods group.

In 2015, the total income of the Company was equal to 426.96 million, a 62.46 million Baht increase from the year 2014. This is due to an increase in the orders of both original and new customers. Additionally, the Company received income from services with the technical support contract to a certain motorcycle parts producing company in India, which in 2015, the earnings from the said contract was equal to 3.92 million Baht.

Other Revenue

In 2017, 2016 and 2015, the Company has other income of 4.52 million Baht , 4.11 million Baht and 6.45 million Baht respectively, which is equal to 1.02% , 1.00% of and 1.50% the total revenue respectively. The other income of the Company consists of selling the scraps ingredients from production where the actual profit (loss) from trade does not yet occur, the profit (loss) from the depreciation of the products, the interests and other income.

Costs of Sales and Gross Profit

In 2017, 2016 and 2015, the Company's costs of sales were 367.32 million Baht, 349.29 million Baht and 352.44 million Baht respectively or 83.88% , 85.10% and 83.81% of the total revenue respectively. This results in the profit of the Company during 2017, 2016 and 2015 at 16.12%, 14.90% and 16.19% respectively.

Selling and Management Expenses**Sales Expenses**

Most of the Company's sales expenses are remunerations and sales personnel benefits and transportation rents, sales supports activities and other expenses. In the year 2017, 2016 and 2015, the Company's sales expense was equal to 7.52 million Baht, 7.59 million Baht and 7.17 million Baht or 1.72%, 1.85% and 1.71% respectively.

In 2017, the costs of sales decreased 0.92% when compared to the same period of the previous year. This is due to the Sales Department maintain the market share and original customers.

In 2016, the Company's cost of sales increased from 2015 of 5.77% because of the restructure of the sales team hiring more employees to expand the market and deal with foreign clients.

In 2015, the sales expenses had decreased 0.09% when compared to the same period from the previous year. This is due to the sales department maintaining the same market and keep in good terms with the original customers.

Administrative Expenses

In 2017, 2016 and 2015, the management expenses of the Company were 57.05 million Baht , 71.92 million Baht and 57.45 million Baht respectively or 12.89% , 17.52% and 13.66% of the total revenue in the same period respectively.

In 2017, the costs of sales decreased by 20.68% when compared with the year 2016. This is due to the Company's policy to control the budget. The doubtful debt of the Company from 2016 had decreased, including the loss from assets impairment in 2016 of 2.75 million Baht.

In 2016, the administrative expenses had increased to 14.48 million Baht or 25.20 which had already included the accounting transactions relating to the loss on doubtful debts amounting to 4.47 million Baht or 7.78%, the loss on assets impairment of 3.87 million Baht or 6.74% and the fixed costs in 2016 had also been increased such as the remunerations of the employees.

In 2015, the costs of management had increased 15.80% in comparison to the year 2014. This is due to the increase in some of the constant costs, for example, salary and employee's annual bonus at 49.67% and 57.45% respectively.

Income Tax

The Company is exempted from corporate income tax in the business that is supported by the following investment license as follows; (following the notice in the financial statement no. 27)

- License no. 1090(2)/2554, exemption from corporate income tax for net profit from the business that the investment had been supported for 8 years and the deduction of personal income tax from net profit for business that had been supported at 50% reduction from the normal rate for 5 years from the day of the corporate income tax exemption.

- License no. 1010(2)/2557, exemption from corporate income tax for net profit from the business that the investment had been supported for 8 years and the deduction of personal income tax from net profit for business that had been supported at 50% reduction from the normal rate for 5 years from the day of the corporate income tax exemption.

Yearly income tax is the tax for net profit in the business that the investment had not been supported which are as follow; Income tax consists of current income tax and deferred income tax, current income tax and deferred tax in accounting balance with the exception to the deferred income tax relating to the transactions of the shareholders for realizing other comprehensive income items.

The Company is aware of the effect of the uncertain tax situation and may cause the amount of tax to increase and also the interests that must be paid. The Company believes that the designated income tax payable is sufficient for the future which had resulted from the evaluation of the various factors including the tax law interpretation from the past experience. This evaluation is based on the estimation and assumptions and may involve the decisions on new events in the future. New information may cause the Company to change its decisions, depending on the remaining income tax payable. The change in the income tax payable will reflect the income tax expense in the due that the change occurs.

To determine the value of the current income tax and the deferred income tax, deferred tax assets and deferred income tax liabilities can be deducted following the legal actions to take the current income tax assets and deduct it from the current income tax liabilities and this income tax will be evaluated by the same tax collection agency for the same or different tax units. As for the different tax authorities, the Company intends to pay the current liabilities and assets income tax with the net amount or intends to recover the assets and pay the debts at the same time.

The deferred tax assets will be recorded only when there is a high possibility that the tax from profit in the future must be adequate for the benefits from the temporal differences. The deferred income tax will be revised on the final day of the report and will be reduced as much as the real tax benefits.

In 2013, the Company had incorporated the Accounting Standard Act 12 on income tax, which was the newly issued and adjusted standard financial report to use as guidelines.

This accounting standard indicated that the Company must record the deferred tax assets and deferred income tax liabilities into the financial statement. The deferred tax assets is the amount of income tax that the Company must receive or pay in the future respectively, which derives from the temporal differences between the accounting value of the assets and liabilities shown in the statement of financial position and the base tax for those assets and liabilities and tax loss that have not yet been accounted for.

The Company followed this Accounting Standard from the period of 1st January 2013 onwards. The Company had estimated the effect to the financial statement in 2013 that the net deferred income tax of 5.61 million Baht, that occurred from deferred tax assets, was equal to 9.02 million Baht, and the deferred income tax liabilities was equal to 3.41 million Baht, and the temporal difference realized as income tax in the annual profit and loss statement was equal to 6.47 million Baht, according to the appendix no. 19 and no. 25 of the financial statement.

The effect of the change was the re-adjustment in the financial statement as shown in the statement of financial position on the 31st of December 2012 as the net deferred income tax of 1.17 million Baht.

In 2017, the Company had estimated the effect on the deferred income tax of assets and the deferred income tax liabilities which was equal to 6.41 million Baht. The Company's difference in tax expense for the profit and loss statement was equal to 0.09 million Baht according to the notice in the financial statement no. 12 and no. 24.

In the year 2016, the Company calculated the corporate income tax at the designated rate by the Revenue Department from the accounting profit after adjusting certain terms as indicated in the Revenue Code. The Company recorded the corporate income tax as the total costs each year and recorded the parts that are liabilities in the statement of financial position and the deferred income tax was measured by the tax rate that was estimated to use with the temporal difference. However, the Revenue Code (Issue 42) had been adjusted on the 3rd of March 2016, to reduce the rate of corporate income tax for the accounting period after the 1st of January 2016, effective on the 5th of March 2016 onwards. The Company had calculated the estimated impact on the deferred tax assets of 4.00 million Baht and the deferred income tax liabilities of 4.00 million Baht. Therefore, the Company had no deferred income tax left over. The Company then realized the tax expense in the annual profit and loss statement from the change in the temporal difference of 5.38 million Baht which occurred from the remaining deferred tax assets from the accounting year 2014 (according to the appendix no. 12 and no. 24 of the financial statement).

In 2016, the Company calculated the corporate income tax according to the rates specified by the Revenue Department from the accounting profit once certain terms had been adjusted following the regulations in the revenue code, the Company recorded the overall corporate income tax for each year and also the debts in the financial statement and the deferred income tax by using the tax rates that is estimated

to yield temporary different results which had already been announced through the Royal Decree for extending the duration of the corporate income tax reduction period for the accounting time after the 1st January 2016 but no later than 31st December 2016. The Company had calculated the effect of the deferred income tax on assets equal to 10.72 million Baht and the deferred income tax liabilities is equal to 5.30 million Baht with the total deferred income tax on assets of 5.42 million Baht. The Company's difference in tax expense for the profit and loss statement was equal to 5.75 million Baht according to the notice in the financial statement no. 12 and no. 24.

19.2 Financial Status

Assets

The Company, at the end of 2017, 2016 and 2015, has the total assets of 347.87 million Baht, 304.23 million Baht and 332.88 million Baht respectively. The assets of the Company are as follows;

In the year 2017, the Company's assets had increased from the previous year for 43.64 million Baht. This is due to the account receivable of 63.84 million Baht, at the end of the year, a 10.25 million Baht increase from the year before. Inventories at the end of the year was at 49.62 million Baht which was 10.42 million Baht higher than the previous year. This was in accordance with the increase in orders and production capacity. The net value of lands, buildings and equipment was at 199.63 million Baht, a 28.74 million Baht increase from the loss on assets impairment from the previous year of 2.75 million Baht and the procurement of factory equipment in order to increase the production in response to the rise in purchasing orders.

Trade and other receivables and allowance for doubtful accounts

The Company has a credit term between 30 to 60 days where the Company will consider the duration from the amount of the orders and also the financial status of each customers.

At the end of 2017, 2016 and 2015, the Company's net trade and other receivables was 63.84 million Baht, 53.59 million Baht and 46.48 million Baht respectively. The turnover ratio of account receivables was at 7.46 times, 8.42 times and 8.72 times respectively.

Unit: Million Baht

AR Aging	2015		2016		2017	
	amount	%	amount	%	amount	%
Current	41.13	88.49	44.15	82.38	52.53	82.28
Overdue	-	-	-	-	-	-
1 – 30 Days	5.31	11.42	8.56	15.97	9.05	14.18
31 – 60 Days	-	-	-	-	0.62	0.97
61 – 120 Days	0.499	1.05	1.33	2.48	2.44	3.82
Over 120 Days	-	-	-	-	-	-
Trade and other receivables before deducting doubtful accounts	46.93	100.96	54.04	100.83	64.64	101.25
Less Allowance for doubtful accounts	(0.45)	(0.96)	(0.45)	(0.83)	(0.81)	(1.25)
Trade and other receivables-net	46.48	100.00	53.59	100.00	63.84	100.00

The Company records the doubtful debts by estimating the debts that may occur from uncollected debts per payment terms. However, the Company takes into account of the estimation the past collection experience, outstanding debts and the economic situation at the time by first considering the receivable that had an outstanding debts of more than 365 days and with no movements. This will be evaluated one by one and will be set the allowance for doubtful debts 100% out of the outstanding debt.

Inventories

At the end of 2016, 2015 and 2014, the Company's inventories consisted of finished goods ready to be delivered, work in progress, raw materials, spare parts and components and goods in transit of 49.62 million Baht, 39.20 million Baht and 46.84 million Baht respectively.

Unit: Million Baht

Description	2015		2016		2017	
	amount	%	amount	%	amount	%
Finished Goods	22.75	48.58	14.97	38.19	17.25	34.76
Work In Process	18.51	39.53	17.22	43.93	24.11	48.59
Raw Materials	2.63	5.62	1.28	3.26	1.99	4.01
Spare Parts	3.96	8.46	4.05	10.33	4.50	9.07
Goods In transit	-	-	2.83	7.22	2.59	5.22
Total	47.85	102.18	40.35	102.93	50.44	101.65
Less Allowance for devaluation of inventories	(1.02)	(2.18)	(1.15)	(2.93)	(0.82)	(1.65)
Inventories-net	46.83	100.00	39.20	100.00	49.62	100.00

In the year 2017, the net inventory was equal to 49.62 million Baht which was lower in comparison to the year 2016 since the production had been increased to meet with the higher demand of the customers and delivering the goods on time.

The Company's inventory turnover ratio during the year 2017, 2016 and 2015 were equal to 8.27 times, 8.12 times and 7.50 times respectively. The inventory turnover rate is very volatile and can be distributed out quickly with not much differences in each year. The Company has no outdates, deteriorated or slow-moving products as can be seen from the policy to set the allowance for the diminution in value of damaged, obsolete, outdated or slow-moving inventories. The Company will consider the net realizable value which is from the difference between the costs and the sales prices. The Company will record the loss from the declining in the products' value as expenses in the profit and loss statement. However, since the Company operates in a parts manufacturing and distributing business in which the parts are unique to the products of the customers, this resulted in a rather low allowance value of the products.

In the year 2017, 2016 and 2015, the Company set the allowance for diminution in value of the inventory to 0.82 million Baht, 1.15 million Baht and 1.02 million Baht or as the ratio to net inventory of 1.65%, 2.93% and 2.18% respectively.

Property, Plant and Equipment

In 2017, the Company had evaluated the Property, Plant and Equipment by the independent inspector with the regulations and the standard methods used according to the Valuers Association of Thailand. The Costs Approach method resulted in the accounting value of the Property at 27.90 million Baht into an estimate value of 34.50 million Baht Plant at 44.04 million Baht into an estimate value of 60.34 million Baht and Equipment at 86.67 million Baht into an estimate value of 114.53 million Baht. The total estimate value will be higher than the accounting value which was discovered from the reports that, certain machines used in the production are more valuable than the accounting value and had recorded the impairment of machineries in the year 2016 according to the regulations and the accounting standard no. 36 on 'Assets Impairment'. The Company had recorded the loss from impairment of assets of 2.75 million Baht which was included in the costs of management (notes in the Financial Statement no. 10).

As for 2016, the Company had evaluated the machineries by the independent assessor with the rules and procedures following the standards of the Valuers Association of Thailand (VAT) by using the cost approach which resulted in the machineries' accounting value of 79.92 million Baht had the estimated value of 89.06 million Baht. Although the estimated value is higher than the accounting value, it is discovered from the assessors' report that some of machineries for production had lower value than the actual accounting price. In order to follow the principles and the accounting standards act 36 under 'The Depreciation of Assets', the Company had recorded the depreciation of the machineries equal to 3.86 million Baht which had already been included in the administrative expenses (appendix no.10 of the financial statement).

Liabilities

The Company's total liabilities in the year 2017, 2016 and 2015 were equal to 182.22 million Baht, 144.55 million Baht and 151.57 million Baht respectively. This consisted of both the short and long terms loans from financial institution, account payables and other payables, short term loans from relating personnel or business, other current liabilities and the employees' benefits obligations.

In the year 2017, the total liabilities had increased from the previous year for 37.67 million Baht. This is due to the Company's loan contract from financial institutions in order to invest in the properties purchasing in preparation for the output expansion and to reduce the costs on energy consumption.

At the end of 2017, 2016 and 2015, the Company's debt to equity ratio was equal to 1.10, 0.91 and 0.84 respectively. This debt ratio is considered high in comparison to the shareholder's equity which may cause some risks.

Shareholder's Equity

As of 31st December 2017, the Company's shareholders' equity was equal to 165.65 million Baht. This was an increase from the year before due to the profitable performance reducing the unappropriated retained deficit to 17.90 million Baht. During the year, the Company had increased the capital share in order to issue the warrants of 0.05 million Baht with the excess stocks value of 0.11 million Baht. This resulted in the value of already issued and paid stocks of 149.55 million Baht and the excess stocks value equal to 33.61 million Baht and the legal reserves of 0.39 million Baht.

As of 31st December 2016, the Company's shareholders' equity was equal to 159.68 million Baht. The reduction in the shareholders' equity in the year 2016 was due to the accumulated deficit during the year and the excess stocks value was equal to 20.64 million Baht and the legal reserves of 2.21 million Baht. During that time, the Company had increased the capital share in order to issue the warrants of 0.59 million Baht and the unappropriated retained deficit of the Company was at 23.44 million Baht.

As of 31st December 2015, The Company's shareholders' equity was equal to 181.24 million Baht. The increase in the shareholders' equity was due to the increase in the capital share of 37.76 million baht during 2015, in which the excess stocks value was equal to 20.46 million Baht and had issued the Employee Stocks Ownership Plan (ESOP) of 1.27 million Baht and total comprehensive loss to 3.37 million Baht.

Return on Equity

The return on shareholders' equity in the year 2017, 2016 and 2015 were equal to 3.59%, -14.79% and -1.73% respectively.

The return on equity in 2017 had increased from the previous year due to profitable performance of the current year from increasing in sales and controlling the management costs.

The return on equity in 2016 had decreased from the same period in the year 2015 due to the slowing down of both the domestic and international market for the automotive industry. This led to a loss in the operation when compared with the previous year.

The return on equity in 2015 had increased from the same period in the year 2014 due to the profit in the business operation of 3.44 million Baht during 2015, which was the result from an increase in sales at 17.82% and an increase in the gross margin of 92.33% when compared to the year before.

Source of Funding

This is the both the short and long term loans from financial institutions, including overdrafts, promissory notes

The Company had taken various loans from financial institutions as specified in the contracts.

Unit: Million Baht

	2015	2016	2017
Bank overdraft and short-term loans from financial institutions	37.68	33.94	34.86
Short-term loans from related parties	15.00	15.00	15.00
Long-term loans from financial institutions	1.36	-	13.01
Current portion of liabilities	10.92	7.51	9.15
Long-term liability under finance lease	8.34	2.16	14.85
Total	73.30	58.61	86.87

The Company had taken both long and short term loans from financial institutions which included overdrafts, promissory notes and long term loans with the interests of MOR/MLR/SBOR/MLR. The Company used the lands and establishments as collateral for the said loans. The long term loan's contract will be terminated in the year 2017. As for short term loans from individuals or related businesses, the interest rates is calculated according to the loans from financial institutions and with no collateral. The Company had negotiated and will start paying within the year and the debts under the financial lease for purchasing equipment and machineries by monthly installments and had already completed some parts of the contract.

Liquidity and Cash Flows

Cash flows from operations

In 2017, the Company received net cash flows from business operations amounting to 11.69 million Baht, which decreased from the previous year 15.98 million Baht with the following details; loss before income tax of 6.38 million Baht, depreciation and amortization expenses of 24.87 million Baht, and financial costs 4.15 million Baht, increase in trade and other receivables of 10.55 million Baht, increase in inventory of 10.03 million Baht, increase in other current assets of 8.93 million Baht, increase in account payables and other payables of 9.60 million Baht. and current liabilities increased 0.97 million Baht,

In 2016, the Company's net cash from operation was equal to 27.67 million Baht, which derived from the loss from operation before income tax of 18.23 million Baht. The said loss had included the unrelated cash items as follows; depreciation and amortization of 27.52 million Baht, loss from reducing the value of inventory of 0.14 million Baht, loss from assets depreciation of 3.87 million Baht, loss from amortization of 4.47 million

Baht, and the increase in working capital circulation which consisted of an increase in trade and other receivables of 7.11 million Baht, reduction in inventory of 7.50 million Baht, increase in other assets of 2.16 million Baht, an increase in account payables and other payables of 6.85 million Baht and also an increase in other current liabilities of 0.24 million Baht.

In 2015, the Company received net cash flows from business operations amounting to 25.38 million Baht, which is an increase from the previous year with the following details; profit before income tax of 2.62 million Baht, depreciation and amortization expenses of 27.37 million Baht, reduction in account receivables and other receivables of 3.50 million Baht, the inventory stock had increased 2.45 million Baht, other current assets had increased 6.47 million Baht, account payable and other payables had decreased 14.10 million Baht, and other current assets had increased 10.10 million Baht,

Cash flows from investment activities

In the year 2017, 2016 and 2015, the Company used cash for the investment activities according to the financial statement of 21.78 million Baht, 14.40 million Baht and 15.96 million Baht respectively with significant items such as purchasing machineries and equipment to replace old and damaged machineries and new machineries for expanding the production capacity in order to produce the parts and deliver them to the customers on time and also to purchase intangible assets for the purpose of improving and developing the technology to be more up-to-date.

Cash flows from funding activities

In the year 2017, 2016 and 2015, the Company used cash for funding activities according to the financial statement of 4.03 million Baht, 16.75 million Baht and 8.73 million Baht respectively due to the repayment of overdrafts, the short and long term loans from the financial institutions, repaying the debts from the financial lease, repaying the interests and also receiving cash from issuing ordinary shares.

Liquidity Ratio

Ratio		2015	2016	2017
Current Ratio	Times	37.68	33.94	34.86
Quick Ratio	Times	15.00	15.00	15.00
Average Collection Period	Days	1.36	-	13.01
Inventory Turnover	Days	10.92	7.51	9.15
Average Repayment Period	Days	8.34	2.16	14.85
Cash Cycle	Days	73.30	58.61	86.87

The Company's current assets of cash, receivables and inventory in the year 2017, 2016 and 2015 were equal to 129.09 million Baht, 114.48 million Baht and 118.49 million Baht which are less than the current liabilities in each year of 151.10 million Baht, 137.95 million Baht and 138.02 million Baht respectively which

may lead to insufficient liquidity for the Company. However, the Company had already taken into account the effect and the risks that may occur so that the business can still proceed as normal.

In 2017, 2016 and 2015, the Company's liquidity ratio was equal to 0.91 times, 0.90 times and 0.91 times respectively, and the quick liquidity ratio during the same time of 0.58 times, 0.62 times and 0.57 times respectively.

The Company's liquidity ratio shows that the normal operation results in more current liabilities than current assets. However, although the Company faces short term debts problem according to the liquidity, when not including the short term loans from individuals and other relating businesses, the Company is capable of paying the short term debts.

In 2017, 2016 and 2015, the Company's average time for collecting receivables were 48.94 days, 43.37 days and 41.86 days respectively which was in accordance with the policy of allowing the credit terms between 30 to 60 days. The Company can use the cash received from this policy to plan materials purchasing and repay the debts on time. Most of the Company account receivables are high grade receivables who make payment on time always.

In 2017, 2016 and 2015, the Company's average time for selling the products are 44.13 days, 44.95 days and 48.67 days respectively. The time for circulating the products was at a level that they could be produced and delivered on time with no long-period leftover inventories. This is due to the appropriate planning of the production according to the demands of the customers with precise delivery time.

In 2017, 2016 and 2015, the Company's average time for repaying the debts were 74.88 days, 69.95 days and 80.04 respectively. The leap time for repaying the creditors was in accordance with the Company's policy of 30 to 90 days.

Factors and influences that may affect the operation or financial status in the future

There are other factors and influences that may affect the future operations and financial status of the Company in addition to what was already described under 'Risk Factors' such as the slowing down of both the domestic and international economy of the automotive industry, including the relocation of the production base to other countries. However, the Company had also expanded the market to countries that are the foundation of automobile parts producers all over the world by increasing more orders. However, the Company may face certain risks with the fluctuation of the various currencies. The Company had studied and paid attention to the possible effect of the severe currency fluctuation with various methods that the financial institutions and the Company had decided to use.

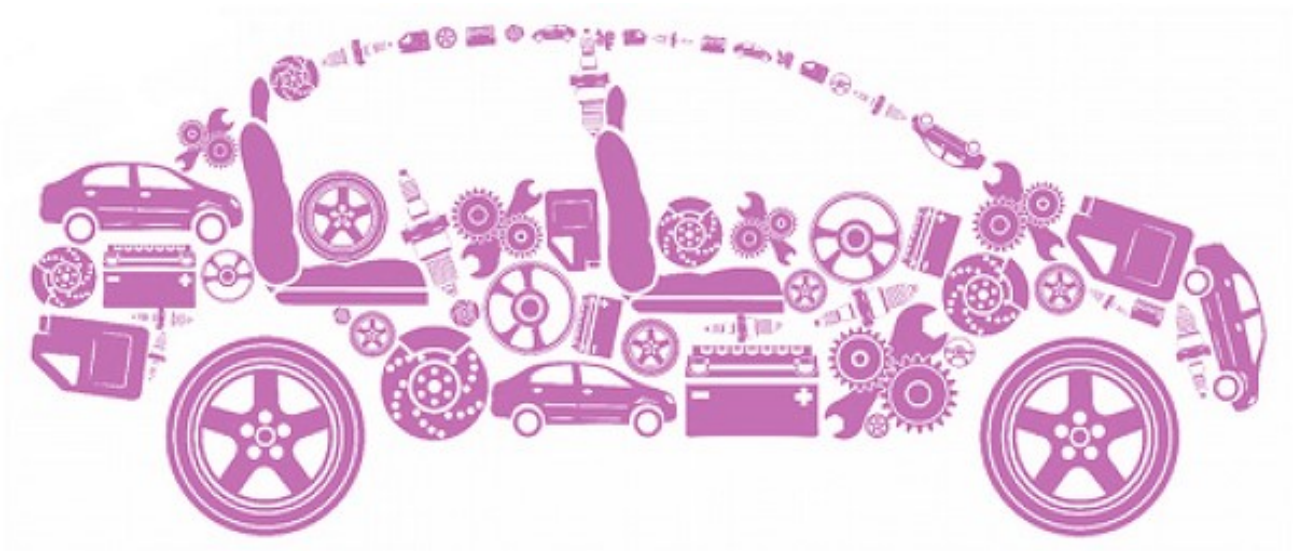
In terms of the market, the automobile parts manufacturing industry has a very high competition. The Company also has many competitors as well. However, the Company has researched and found measures to motivate the responsible department to improve the technologies, create connections and alliances with the similar business groups, including maintain good friendship with the original customers. The Company also plans to expand the productions that covers other industries more, for example, water pumps impeller, long-

tail boat impeller and wax casting which are in the middle of research and development, including designing new productions for other companies such as color coating and molds repairing.

In terms of quality and the on-time delivery of the products, the Company still maintains the standards and adapts new technologies to use in the production process for more efficiency following the trusts and confidence that the customers have given to the Company for producing their parts.

As for production costs and administrative costs that have risen up according to the economic situation and the inflation, the Company hurries to find measures and campaigns to control and save the costs as much as possible, for example, in terms of energy, the Company is in the middle of installing solar cells for the purpose of reducing the energy costs for the production, and in terms of labor, the Company plans to allocate the employees efficiently in order to prepare for the business expansion.

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