

# Annual Report 2012



สหमितรเครื่องกล  
SAHAMIT MACHINERY



# SMIT

**Company****Sahamit Machinery Public Company Limited****Established Date**

7 June 1973

**Head Office**42, 48 Soi 53, Rama 3, Bangpongpan,  
Yannawa, Bangkok 10120

Tel : 66 (0) 2295-1000-8, 66 (0) 2295-1901-9

Fax : 66 (0) 2295-1009, 66 (0) 2295-1020

**Facility Center**

152, 155 Moo 14 Sukhumvit Rd., Bangpakong, Chachoengsao

Tel : 66 (0) 3883 2035-8 Fax : 66 (0) 3883 2044-5

**Registered Capital**

550 million Baht

**Paid-up Capital**

530 million Baht

**Website**[www.sahamit.co.th](http://www.sahamit.co.th)**Contact of**

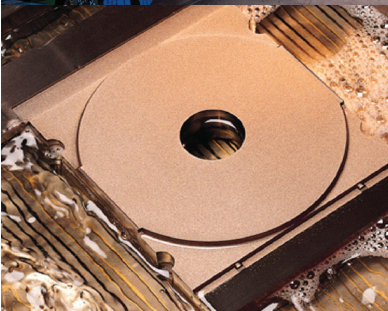
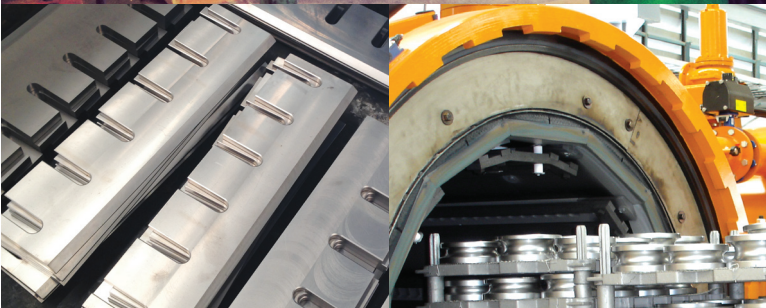
Miss Prangtip Sivaruk

**Investor Relations**

Tel : 66 (0) 2295 1000-8 ext. 1515

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## FINANCIAL INFORMATION

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

	2012	2011	2010	Unit
Total assets	2,339,087	2,376,530	2,172,626	Thousand Baht
Total liabilities	544,339	788,765	641,185	Thousand Baht
Total shareholders' equity	1,794,748	1,587,765	1,531,441	Thousand Baht
Total revenue	2,824,150	2,347,691	2,157,831	Thousand Baht
Net profit	303,214	221,844	200,253	Thousand Baht
Book value per share	3.39	3.06	2.89	Baht
Earning per share	0.58	0.43	0.38	Baht
Dividend per share	0.26	0.24	0.10	Baht
At the closed price	4.86	2.86	2.68	Baht
Net profit margin	10.74	9.45	9.28	%
Return on equity	17.59	14.24	13.96	%
Return on asset	12.34	9.82	9.64	%
Interest Coverage	33.78	29.67	25.57	%
Debt to Equity ratio	0.30	0.50	0.42	Times
Employees	519	487	449	Persons

### Revenue Structure 2012



Special Steel and  
Heat Treatment  
**1,389,411**



Machine Tools  
and Tooling  
**843,721**



Paper  
**229,270**



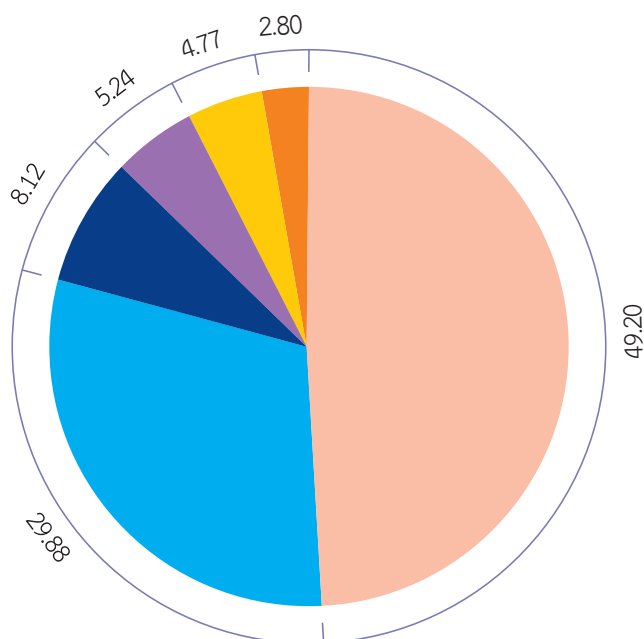
Wood  
**148,015**



Electrical Engineering  
**134,786**



Other  
**78,947**



Remarks: Other Income includes Gain on the Exchange rates and Commission



# MANAGEMENT'S CLARIFICATION AND ANALYSIS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

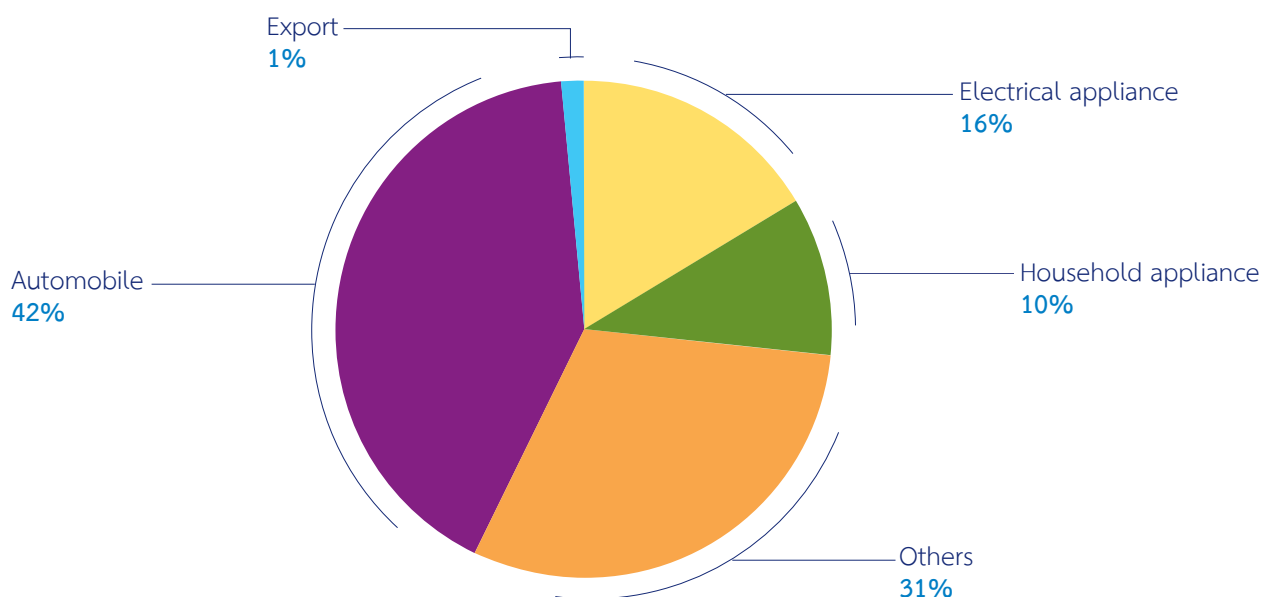
## Financial Performance

Overall performance of 2012, Total Revenue was THB 2,824.15 million, THB 476.46 million or 20.29 percent increased from the previous year. According to the flooding recovery program and the government policy to stimulate Thai's economy, many customers demand had increased. Thus, SMIT could increased the growth of total revenue and growth of revenue of every product group

The revenues of 2012 are mainly as follows,

- Revenues from sales and services were THB 2,747.07 million equal to 97.27 percent of total revenue with an increased of THB 435.97 million or 18.86 percent increased from the previous year.
- Commissions were THB 53.07 million equal to 1.88 percent of total revenue with an increased of THB 29.56 million or 125.73 percent from the previous year.
- Gain on exchange rate was THB 11.01 million equal to 0.39 percent of total revenue.

The company major group of customers could be divided into the following sectors.



In 2012, the main source of income still derived from

- Special Steel and Heat Treatment with total sales of THB 1,389.41 million, equal to 49.20 percent of total revenue with an increased of THB 145.72 million or 11.72 percent increased from the previous year.
- The Machine tools and tooling's revenue was THB 843.72 million, equal to 29.88 percent of total revenue with an increased of THB 247.91 million or 41.61 percent increased from the previous year.

The reasons for the increased of sales were because many customers faced flooding problems were fully recovered and the higher demand in many industries, including the Automobile industry, Mould and Dies industry, Electrical appliance industry, etc. which were the major customer for these 2 groups of products.

Moreover, every group of products has increased in terms of revenue i.e. Pulp and Paper, Machinery and Equipment for Wood Processing and Electrical Engineering which equaled to an increased of 7.38, 5.19 and 14.83 percent accordingly.

In 2012, Total Expense was THB 2,439.05 million equal to 86.36 percent of Total Revenue, amount to THB 391.81 million or 19.14 percent increased from the previous year.

- Cost of sales and services were THB 2,052.27 million with an increased of THB 353.54 million or 20.81 percent increased from the previous year.

## MANAGEMENT'S CLARIFICATION AND ANALYSIS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

- Selling expenses were THB 120.14 million with an increased of THB 19.78 million or 19.71 percent increased from the previous year.
- Administrative expenses were THB 254.90 million with an increased of THB 29.56 million or 13.12 percent increased from the previous year.

The Net Profit was THB 303.21 million with an increased from THB 221.84 million or 36.68 percent, equaled to the net profit margin of 10.74 percent due to the increased in Sales and Services. Even Though, the gross margin had slightly drop but Smit still could maintain the suitable inventory control plan and the efficient expense control measurement. Thus, the increased of the expenses were lower in compassion to the increased of total revenue.

### Financial status

As of December 31, 2012, SMIT had the Total Asset of THB 2,339.09 million with a decreased of THB 37.44 million or 1.58 percent from the previous year. The Total Asset comprised of

1. Current Asset of THB 1,627.38 million, equaled THB 78.09 million or 4.58 percent decreased from the previous year
2. Non-Current Asset of THB 711.70 million, equaled THB 40.65 million or 6.06 percent increased from the previous year

Accounts Receivable as of December 31, 2012 was THB 517.95 million or 18.85 percent of total sales with an increased of THB 49.66 million or 10.60 percent from the previous year, due to the higher sales and services.

The less-than-3-month accounts receivable was THB 477.22 million or accounted to 92.14 percent of total accounts receivable. Average collection period was 79 days, comparing to 81 days of the previous year due to the better financial health of the customers. However, the company had very tight and conservative policy to check customer's condition before giving out the credit. In 2012, the Company had the provision for the accounts receivable of THB 13.86 million or 2.61 percent of the total Accounts Receivable.

Inventory as of December 31, 2011 was THB 1,084.24 million or 10 percent decreased from 2011. The decreased of the inventory especially in Special steel was due to an increasing sales and customer's demand.

Property, plant and equipment as of December 31, 2011 was THB 698.67 million with an increased of THB 41.25 million or 6.27 percent from the previous year. SMIT had invested for expansion of the Heat Treatment Facility, the new machineries for finishing plates, the new machineries for the Industrial Knife Production and the new delivery trucks amount to THB 108.96 million.

### Capital structure

The Company's capital structure in 2011, total liability was THB 544.34 million with a decreased of 30.99 percent or THB 244.43 million. The current liability was THB 5136.30 million or 94.85 percent of total liability. The decreased of liability derived from

- The decreased of Bank overdrafts and short-term loans from financial institutions by THB 229.87 million.
- The decreased of Cash received in advance under the hiring agreement amounted to THB 23.21 million. Due to the Company has completed submit proposal of "Loxley and Sahamit Machinery Consortium" agreement.

The total equity was THB 1,794.75 million comprised of the paid – up capital of THB 530 million, surplus capital of THB 262.26 million, premium on treasury shares of THB 12.95 million, surplus on land revaluation of THB 85.92 million and the Retained earnings of 903.61 million. The total equity was increased by 13.04 percent or THB206.98 million from the previous year due to the increased of net profit.

The company paid the dividend twice this year, first dividend payout totaled to THB 63.60 million from the 2011's performance and second dividend payout totaled to THB 74.20 million from the 2012's interim performance.

The Debt-to-Equity ratio was calculated to be 0.3 times, in comparison with 0.5 times in 2011 due to the decreased of loans by THB 244.43 million and the Company has very good liquidity from the Cash flows from operating activities.



## BOARD OF DIRECTORS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED



Mr. Chaisilp Tamesirichai  
President and Chairman of the Board



Mr. Prasong Srithornratkul  
Vice President and Director



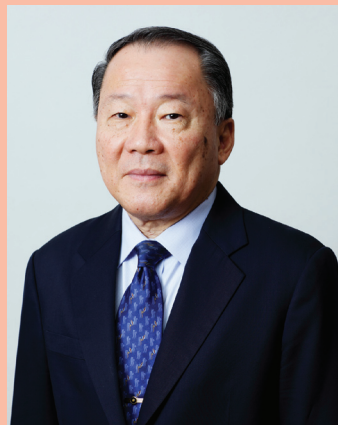
Mr. Pramote Sivaruk  
Vice President and Director



Mr. Thana Senavattagul  
Director



Mr. Kriangrai Boonkitticharoen  
Director



Mr. Pichai Nithivasin  
Director



General Vapirom Manasrangsi  
Chairman of the Audit committee



Mr. Karun Kittisatoporn  
Audit committee



Mr. Pure Limsiripan  
Audit committee



Mr. Prayoon Vivetpuvanonth  
Audit committee

## MESSAGE FROM CHAIRMAN OF THE BOARD

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

2012 has been a remarkable year for SMIT for it is one of the best years in terms of Revenues and Net Profit totaled to THB 2,824.15 million and THB 303.21 million which has been increased by 20.29 percent and 36.37 percent from the previous year. This has clearly reflected the continuous growth of the company and the potential to maximize the profit shown in the Net Profit Margin of 10.74 which is highest in the Company history.

Another milestone is that the year 2013 will be our 40th Anniversary. During its 40-year operations, SMIT has been focusing on the continuous development. To ensure that we continue to earn the trust placed in us by our customers and other stakeholders, our focus with our existing products and new product development is continually on serving the customer's interest. This can be seen from the variety of products and services provided to the industries together with the continuous net sales' growth. With the Management's vision to extend its activities into production program, SMIT has expanded into full productions on industrial knife. The products have received positive responses by both local and foreign customers. Moreover, SMIT also provides high quality heat treatment services to its customers. Our products and services are widely accepted in the industries.

For the 2013 business plan, SMIT is still focusing on the expansion of its Heat Treatment and pre finishing facilities to fulfill the extensive demand of the customers, as well as looking for new business opportunities that will support its steady growth.

In conclusion, on behalf of the Board of Directors, I would like to express our deepest appreciation and gratitude towards our business partners, associates and long-term and existing shareholders for your support. I would like to extend my sincere thanks to fellow Board members for your invaluable guidance and counsel in the last year. I would also like to credit our management and staff for making SMIT a continued success - thank you for your steadfast commitment year after year.

Against the backdrop of a continuing volatile world economy, your enduring support is vital to us in overcoming future challenges and embracing new and vast opportunities ahead.

Chaisilp Tamesirichai  
President and Chairman of the Board



# BUSINESS OVERVIEW

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

Sahamit Machinery PCL. (SMIT) was established on 7 June 1973 with an initial capital of 80,000 Baht to import and distribute materials, machinery and appliances for industries. The company commenced its operation as an importer and distributor of paper and paper machineries and equipments and later expanded its business to other business groups to support Thailand's industrial growth. Currently, the company covers 5 major product groups:

- 1) Special Steel
- 2) Machine Tools and Tooling
- 3) Pulp and Paper
- 4) Machinery and Equipment for Wood Processing
- 5) Electrical Engineering

Moreover, we also focus on an excellent before and after sales service supported by an efficient team to add value to our products consists of

- Fully integrated Pre-finishing service to make the rough raw material ready for use.
- The Heat Treatment services using state-of-the-art machinery and technology.
- Provide consulting service for selection, installation and maintenance of the machine and spare parts.
- Paper Cutting and Slitting Services
- Custom made Abrasive Conversion Services
- Industrial Knife Production for wood and paper industries, in cooperation with technology transferred from Toyo Knife Company Limited, Japan.

## History and Major Development

- |      |   |
|------|---|
| 1973 | Established with 80,000 baht capital as a supplier of raw materials, machinery and equipment for industrial factories.  |
| 1994 | Became a public company and raised registered capital to 140 million baht.  |
| 1995 | Increased registered capital from 140 million to 160 million baht; bought plot of land in Bangpakong and constructed a warehouse and a steel facility center.                               |
| 1999 | Constructed a first and second warehouses in Bangpakong to operate steel's pre-finishing and paper slitting facility.   |
| 2002 | Constructed the third warehouse in Bangpakong for abrasive conversion.  |
| 2004 | Raised registered to 550 million Baht.  |
| 2005 | Listed in the Stock Exchange of Thailand (SET) on 18 May 2005.  |
| 2006 | Began to operate the heat treatment plant in Bangpakong. On 29 November 2006, H.R.H. Princess Maha Chakri Sirindhorn graciously presided over the grand opening ceremony.                   |
| 2007 | Constructed the Industrial Knife Production plant in Bangpakong by using technology transferred from Toyo Knife Company Limited, Japan and expand the capacity of the heat treatment plant. |
| 2008 | Constructed the fourth warehouse in Bangpakong for Steel's stock and expanded Sathupradit Warehouse for Electrical Engineering's workshop,  |
| 2010 | Constructed the fifth warehouse in Bangpakong for Steel's stock and for future expansion of the Industrial Knife Production and the heat treatment's capacity.                              |
| 2011 | Constructed the sixth warehouse in Bangpakong for Steel's stock.  |

## 1. Special Steel

- Product**
- Special Tool Steel
  - Machinery and carbon steel
  - Aluminum alloy
  - Metal Band Saw Blades
  - Injection Pins for Plastic Mould

**Service** The company provides fully-integrated cutting services such as Vertical & Horizontal Milling Machine, Surface Grinding Machine for making finishing plate for moulds and dies, and the Heat Treatment service as well.

## 2. Machine Tools and Tooling

- Product**
- High quality electrical discharge machine (CNC Machine)
  - Wide range of milling cutters and inserts for milling in almost any work material
  - Digital Readout, Measuring Equipment
  - Tool Holders for various machines

**Service** The company provides assistance, training and maintenance services, using high quality spare parts and qualified professional engineering teams.

## 3. Pulp and Paper

- Product**
- Newsprint for newspapers, printing and writing paper
  - Paper cutting and slitting machines
  - Machinery, accessories, forming fabric felt, canvas, refiner plate, and chemicals for pulp and paper industry

**Service** The company provides slit reels to standard sizes and converted reams of paper as per customers' requests.

## 4. Machinery and Equipment for Wood Processing

- Product**
- Abrasive paper, abrasive cloth and abrasive fiber
  - Self manufactured and imported Industrial knives
  - Tapioca saw blades
  - Edge banding and wrapping materials for furniture
  - Brand new and used woodworking machineries for the panel and furniture industry

**Service** The company provides slit and jointed abrasives to various sizes ordered by industrial customers, as well as consulting services for machine selection.

## 5. Electrical Engineering

- Product**
- Computer Substation Control System
  - Electrical Meter, Measuring Center
  - Low-voltage Switch Gear

**Service** The company offers before and after sales services including consultation and training, systems design and integration, installation and commissioning.



## Heat Treatment Services

Heat Treatment is the company's new service to fulfill the one stop service strategy and add value to our products by using the latest technology available to serve customers.

Type of Services: Vacuum Quenching, Low Pressure Nitriding Allnit®, Carburizing, Carbonitriding, Normalizing, Annealing, Oil Quenching and others.

- **Vacuum Quenching Furnaces**

Vacuum Furnaces from France for demanding gas quenching thanks to the rotative cooling ensuring an excellent uniformity. Automatic process for a perfect reproducibility of the result. For hot work tool steel, cool work tool steel, high speed steel, etc.

- **Vacuum Tempering and Allnit® Nitriding Furnaces**

Allnit® Nitriding is a thermochemical heat treatment for steels surface hardening within vacuum furnace at low pressure.

- **Atmosphere Controlled Furnaces**

Atmosphere Controlled Furnaces sealed quench and automatic controlled by PLC. This furnace is suitable for different treatment: Carburizing, Carbonitriding, oil quenching, annealing of carbon steel, low alloy steel and cast iron parts.

## Business Objective

The Company's business objective is to be the leading full-service importer and distributor of industrial products to Thailand's high growth industrial sectors. To achieve, the Company has implemented strategies to add value to its products as follows:

- To maintain the top quality of product and services
- To professionally developing the skills and knowledge of product
- To provide One Stop Services to the customer
- To maintain a reliable partnership relationships among the stakeholders

## Employee's Training and Development

To withhold the objective to professionally developing the skill and knowledge of the product, SMIT regularly held seminar and training in various topics related to the products and services of the company. Since SMIT realized the importance of Human Resources, which held the major role in the operations' efficiency and effectiveness so the company provides up to date and continuous training on both technical and professional basis for the employees. The training mostly concerns with how to rightly use and maximize the benefit of SMIT's the products and services. The trainings are normally well presented and demonstrated by our suppliers. In the year 2011, SMIT held many useful seminars and trainings to enhance the knowledge and skill of our employees for instance; the demonstration and training on CNC Machining Center, the demonstration and training on SECO cutting tools technology and the Wind Generator's technology.

## Industry and Competition

- **Overview of Mould and Dies Industry**

The mould and dies industry is one of the supportive industry and the essence of industrial manufacturing, as it plays a supportive role to other industries, such as, automobile industry, electronic industry and plastic industry. Therefore, the demand growth is relevant to the growth or deteriorates of the manufacturing industry and the overall industry in Thailand.

Special steel, machine tools and tooling are crucial for the production of moulds, dies, tools and parts for most of the manufacturing industry so the demand of such products are directly related to the incline or decline of the overall economy.

SMIT stands out as a leader in the sector since the Company is the only company that provides full range of products and services that serve the need of the manufacturing industry, to include special steel, machine tools, tooling and services. In the present, there is no direct competitor that provides the equivalent products and services as the company does.

- **Overview of Paper Industry**

Paper Industry growth rate is the figure that presents both socially and economically growth and expansion of the country. Thai citizen's paper consumption is average 40 kilograms per person per year, with the increasing trend every year. Focusing on the paper industry by category, which consists of pulp, kraft, writing paper, packaging and newsprint, the demand for each category is increasing in responding to the growth of both national and international economy.

Although there is some supply from local production to serve the needs of the local consumption, the local production is not enough to serve all the local consumption. Each year, there are not less than 400,000 tons of imported paper products. The most imported products are card board, corrugated paper, newsprint paper, kraft, printing & writing paper and sanitary paper, respectively.

The competition level of paper importing and distribution business is considered mild level. It is not the competition with the local manufacturers since the demand of the paper, for example, newsprint, is higher than the local production. The company is focusing on the niche market. Since there are many subcategories of paper industry markets categorized by usage and demand, each paper distributor will focus on product differentiation to provide various products to their customer base.

- **Overview of Wood and Furniture Industry**

It is considered a mild competition in this industry since it is the competition among many retail importers. At the present, there is no direct competitor to SMIT since it provides a wide range of products and services to serve all level of customers. In addition, SMIT also provides a custom-sized abrasive upon customers' requirements.

- **Overview of Electrical Industry**

Demand for the electrical products is relevant to the condition of the manufacturing industry and the energy consumption. SMIT provides high quality electrical products at a reasonable price, mainly serve the industrial sectors. The company not only provides various electrical products but also provides the system integration services, to include electrical engineering design, product sourcing, installation and testing, and other post-sales services. Although the market is very competitive but with the extensive experience professional engineering team together with the best quality products, the company is considered good potential comparing to the competitors.

### **Product and Service Placement**

The Company imports its products directly from the world leading manufacturers. At the present, the Company has strong relationship with approximately 70 suppliers. The Company is also an exclusive agent for most of the suppliers. However, the Company continues to source and market the new products to increase the marketing opportunities.

Risk factors that may affect the business operation, financial status and company's performance are categorized as follow:

- **Steel and Paper Price Fluctuations**

With more than 40 years experience of special steel and paper products, the Company understands that the price cycle of steel and paper will be relevant to demand and supply. The Company manages this risk by having a sufficient inventory of the aforementioned products. The Company also adjusted the price of the special steel and paper to reflect the world market price. Special steel has special specifications which is use particularly in the mould-making and tooling industry. Most of our paper product is newsprint paper, which the local manufacturers could not fulfill the demand. Having a sufficient inventory ready to be dispatched to customer, resulted in the bargaining power with the buyers. Adjusted higher price did not influence any declining in the total revenue of the Company. Moreover, the Company can maintain the initial margin from selling of special steel and paper products.

- **Foreign Exchange Rate Fluctuation**

Most of the products the Company distributed are from imports. The Company may suffer from the fluctuation of the foreign exchange rate. However, the Company purchases products from various countries at the same time, and have opportunities to select the currency for the payment, such as, Euros, Dollars, or Yen. The Company does not rely on the only one currency which reduces the risk from the fluctuation of the foreign exchange rate. By using the Forward Contract and paying off some trading liabilities to some suppliers before due time are the tools that SMIT uses to manage risks.

- **Risk from Accounts Receivables**

As of 31 December 2012, the Company has total accounts receivable of 517.95 million Baht or 18.85% of Total Sales. The average collections in 2012 equals to 79 days, and has the short term accounts receivable of 477.22 million Baht or 92.14% of net accounts receivable. The company may have the risk in collections from accounts receivable. If the accounts receivable has problem in their business operations, it may affect the company's liquidity in terms of working capital and the business performance.

However, the Company has a strictly credit-check policy. Each customer must pass the credit-check prior to credit granted. The Company regularly performs and follows the customer's financial status. Moreover, the Company has set up the uncollectible debt policy when the customer has the overdue balance or when it detects that the customer will have problem in payment. The company sells mainly to the industrial manufacturers which has low rates of uncollectible debt. The Company has approximately more than 2,000 customers, there are no accounts receivable who has the credit balance more than 5% of the total Sales. This spreading of the accounts receivable results in decreasing risk from accounts receivables.



# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

Shareholders : Top 10 shareholder's lists as of December 31, 2012 are as follows:

Name	Number of Shares	%
1. Group "Mr. Chaisilp Tamesirichai"	98,085,846	18.51
2. Group "Mr. Prasong Srithornratkul"	95,655,736	18.05
3. Group "Mr. Pramote Sivaruk"	79,730,572	15.04
4. Group "Mr. Pornsin Tamesirichai"	27,720,400	5.23
5. Thai NVDR Company Limited	17,559,100	3.31
6. Mr. Chatri Sophonpanich	14,400,000	2.72
7. Mr. Chaisit Wiriyamettakul	11,500,000	2.17
8. Mrs. Suchada Lisawattrakul	11,176,600	2.11
9. Bangkok Bank Public Company Limited	10,000,000	1.89
10. Mr. Pisut Wiriyamettakul	7,684,700	1.45
Total	373,512,954	70.47

Source: Thailand Securities Depository Co., Ltd. (TSD)

1. Group "Mr.Chaisilp Tamesirichai" including: Mr. Chaisilp Tamesirichai, Mrs. Jirawan Tamesirichai, Ms. Piyanuch Tamesirichai, Ms. Nuttaporn Tamesirichai, Mr. Chandach Tamesirichai and Mr. Vorarit Tamesirichai
2. Group "Mr. Prasong Srithornratkul" including: Mr. Prasong Srithornratkul, Ms. Piyaporn Srithornratkul and Ms. Piyamol Srithornratkul.
3. Group "Mr. Pramote Sivaruk" including: Mr. Pramote Sivaruk, Mrs.Suwanna Sivaruk, Ms. Prangtip Sivaruk and Ms. Sasirat Sivaruk
4. Group "Mr. Pornsin Tamesirichai" including: Mr. Pornsin Tamesirichai, Mrs. Montanut Tamesirichai and Mr. Pornprasong Tamesirichai

## Dividend Payment Policy

Sahamit Machinery PCL have a policy to pay a dividend at the rate not less than 40 percent of the annual net profit after tax, legal reserves and reserve for future expansion (if any)

Year	Dividend per Share	Total Amount (Unit : Baht)
2011	0.22	114,180,000
2010	0.19	99,160,000
2009	0.05	26,500,000

## Management Structure

The Company's directors structure comprises of 3 set: the Board of Directors, the Executive Board and the Audit Committee

# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

## The Board of Directors

Name		Position
Mr. Chaisilp	Tamesirichai	Chairman of the Board
Mr. Prasong	Srithornratkul	Director
Mr. Pramote	Sivaruk	Director
Mr. Pichai	Nithivasin	Director
Mr. Thana	Senavattanagul	Director
Mr. Kiangkrai	Boonkittichareon	Director
Gen. Vapirom	Manasrangsi	Chairman of the Audit Committee
Mr. Karun	KittiSataporn	Audit Committee
Mr. Pure	Limpsiripan	Audit Committee
Mr. Prayoon	Vivetpuvanonth	Audit Committee
Miss Prangtip	Sivaruk	Company Secretary

The directors authorized to sign any commitment binding the company are Mr. Chaisilp Tamesirichai or Mr. Prasong Srithornratkul or Mr. Pramote Sivaruk. The 2/3 of the authorized director jointly sign their names with the company seal affixed.

## Authorities and Responsibilities of the Company's Board of Directors

The Board of Directors is responsible for the management of the Company in accordance to the law, the Company's objectives, regulations, and to carry out all lawful shareholders meeting resolutions with utmost care and honesty in order to preserve Company's benefits. The summary of the Board of Directors' roles and responsibilities is as follows:

1. to hold, on an annual basis, a general shareholders meeting within 4 months prior to the end of the Company's accounting period.
2. to hold a Board of Directors meeting at least once every 3 months.
3. to prepare an audited statements of financial position and an audited statement of comprehensive income for the Company as at the last day of the Company's accounting period and forward them for approval to the shareholders.
4. The Board of Directors may authorize one or more directors or appoint a third party representative to act, under the supervision of the Board, on behalf of the Board for a specified time period that the Board deems reasonable. Such authorization may be revoked or amended or the appointed third party be changed as the Board of Directors sees fit. In doing so, the Board of Directors may choose to authorize the Executive Board to act on behalf of the Board of Directors whereby the details of the authorization are in accordance with the authorities and responsibilities of the Executive Board. Such authorization to act on behalf of the Board of Directors must not be allow the Executive Board to approve of a transaction that can result in a gain or benefit to the Executive Board or a third party who has a conflict of interest with the Company or its affiliate unless the approval of the transaction in question follows the policies and guidelines already approved by the Board of Directors.



# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

5. to set goals, directions, policies, plans and budgets for the Company and to oversee the management practice performed by the Executive Board to ensure that it follows the policies set forth except for transactions requiring prior approval from the shareholders meeting, namely raising of new capital, decrease of capital, issuance of bonds, sale or transfer of ownership of the Company whether in whole or in significant part to a third party, purchase or assumption of ownership of another company, amendment made to the Company's prospectus or regulations, etc. Moreover, the Board of Directors is responsible to ensure that the Company strictly abides by the Stock Exchange laws and regulations regarding connected transaction, purchase or sale of crucial asset that are governed by the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) or laws related to the Company's business.
6. to review the Company's management structure, appoint the Executive Board, committee chairperson or other committee as needed.
7. to ensure that the operating results are within the plan and budget at all times.
8. A director shall not engage in a business that is similar to or in competition with the Company's operations, enter into a partnership or limited partnership, assume a position of a director of a private company or other type of company operating a similar business to or is in competition with the Company's business whether such undertaking is for the benefit of the director or others unless such engagement is disclosed at the shareholders meeting prior to the appointment of the position.
9. The Directors shall immediately disclose to the Company of any benefits, whether direct or indirect, derived from a contract into which the Company enters or the decrease or increase in shareholding of the Company or its affiliates.

## The Executive Board

Name	Position
Mr. Chaisilp Tamesirichai	President and Chairman of the Board
Mr. Prasong Srithornratkul	Vice President and Director
Mr. Pramote Sivaruk	Vice President and Director

## Duties and Responsibilities of the Executive Board

The Executive Board has the authorities, roles and responsibilities to manage the Company under its usual course of business. The Executive Board is to establish Company's policies, business plans, Management structure and its authorities, guidelines to business operations according to varying stages of the economy to be presented to the Company's Board of Directors for approval or comments, as well as to ensure that the Company's operating results and its audited results adhere to the Company's policies. The authorities, roles and responsibilities can be summarized as follows.

1. to operate and manage the business of the Company according to the given objectives, regulations, policies, guidelines, rules, mandates, and all resolutions of the Board of Directors meeting and/or the resolutions reached at the shareholders meeting.
2. to review and establish policies, directions, strategies, operating plans for the Company, formulate financial plans, human resource budgets, invest in information technology, to grow and promote the business while ensuring that the duties performed by the appointed personnel adhere to the set goals.
3. to review the annual budget allocation as presented by the Management before subsequently presenting it to the Board of Directors for approval. In doing so, the Executive Board is authorized to review and approve the amendments to the annual budget between Board of Directors meetings and to present the changes to the Board of Directors at the next meeting held.

# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

4. to review and approve payments in the course of conducting Company's usual business such as purchase of an asset, purchase of a vehicle, provided that the transaction amount is not greater than 50 million Baht.
5. to approve the payment for necessary investment included in the annual budget as directed by the Company's Board of Directors or provided that the transaction has already been approved in theory by the Board of Directors.
6. to review and approve the borrowing of funds, obtainment a credit line, issuance of debt instruments, and to issue a loan collateral or to seek a loan of any type on behalf for the Company.
7. to act as a panel of management advisors with regards to the financial, marketing, human resource management, and other operating policies.
8. to establish the organization structure, the authorities to manage the Company as well as authorities to appoint, hire, and transfer personnel, establish compensation guidelines, remunerations, bonuses for executives, as well as lay off personnel.
9. The Executive Board is authorized to delegate one or more executive or another person to act on its behalf under the Executive Board's supervision or to delegate to the said person the power deemed appropriate by the Executive Board for a time period specified by the Executive Board whereby the Executive Board has the right to revoke, amend, change the delegate or the delegated power as it sees fit.
10. to carry out other businesses as directed by the Executive Board on a case-by-case basis.

The authorities granted to the Executive Board do not include the power to approve any transaction that may pose a conflict or a transaction from which the Executive Board or a person connected to the Executive Board may gain a benefit or that there is a benefit in conflict with that of the Company or its affiliate. According to the the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), such transactions require an approval from the Board of Directors at a Board of Directors meeting and/or the shareholders meeting as per the Company's regulations and related laws.

## The Audit Committee

Name		Position
Gen. Vapirom	Manasrangsi	Chairman of the Audit Committee
Mr. Karun	KittiSataporn	Audit Committee
Mr. Pure	Limpsiripan	Audit Committee
Mr. Prayoon	Vivetpuvanonth	Audit Committee

The Company's Audit Committee consists of 4 independent Audit Committee whose independence can be defined according to the definition of an independent committee as follows

1. holding shares not exceeding one per cent of the total number of voting rights of the company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the Office;
3. not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the company or its subsidiary;





4. not having a business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having business relationship with the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office.

The term ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the applicant or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

5. neither being nor having been an auditor of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;
6. neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;
7. not being a director who has been appointed as a representative of the company’s director, major shareholder or shareholders who are related to the company’s major shareholder;
8. not having any characteristics which make him incapable of expressing independent opinions with regard to the company’s business affairs.

## **Limitations of the Authorities and Responsibilities of the Audit Committee**

1. Through the audit process, the Audit Committee is to ensure that the Company’s financial reports are prepared with adequate transparency. In doing so, the Audit Committee will work with external auditors and Company executives responsible for the preparation of the quarterly and annual financial reports. The Audit Committee may suggest that the auditors review or investigate any transaction deemed necessary or crucial to the audit process for the Company.
2. The Audit Committee is to ensure that the internal controls and inspections are carried out in an appropriate and effective manner and also to review the independency of the internal auditors, including an approval on the appointing, transferring, dismissing of the head of internal auditors or any other department responsible for internal audit.
3. The Audit Committee is to ensure that the Company conducts its business in accordance to the laws regarding the stocks and the Stock Market, including the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and laws related to the Company’s business.

4. The Audit Committee is to select and nominate an Independent Auditor to audit the Company's books and to propose a compensation scheme for the auditor on the basis of his/her credentials, sufficiency of the resources, and the amount of work to be carried out by the audit office. Moreover, The Audit Committee is to conduct at least one meeting per annum with external auditor without the management interferences.
5. The Audit Committee is to disclose the Company's information on related party transactions or any transaction in which there maybe a conflict of interest, in accordance to the laws and the Stock Exchange of Thailand (SET)'s regulation to ensure that the transactions are reasonable and most beneficial to the Company's business.
6. The Audit Committee is to carry out other tasks assigned by the Company's Board of Directors as approved by the Audit Committee such as review of the financial management and risk management policies, review of the code of business ethics with the executives, and jointly review with the Company's executives the important reports to be disclosed to the public as required by law such as the executive review and analysis, etc.
7. The Audit Committee is to prepare reports entailing activities carried out by the Audit Committee to be disclosed in the Company's annual report signed by the Chairman of the Audit Committee. The said report shall include the following information:
  - Opinions regarding the procedures involved in the preparation and disclosure of the Company's financial information to ensure accuracy, completeness, and credibility.
  - Opinions regarding the adequacy of the Company's internal controls.
  - Reasons supporting the appointment of the Company's auditor for the successive term of service.
  - Opinions regarding strict adherence to the laws governing the stocks and the stock exchange, the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and laws related to the Company's business.
  - 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.
  - Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
  - Other reports deemed necessary to be disclosed to the shareholders and other investors within the authorities and responsibilities assigned to the Audit Committee by the Company's Board of Directors.
8. The Audit Committee is to report its actions and audit activities to the Board of Directors at least once a year.
9. The Audit Committee is authorized to carry out audit of and investigation into various matters as well as to seek independent opinions from external advisors, at the expense of the Company, when necessary in order to ensure the completion of its assigned tasks.

## **Selection of Committee, Independent Committee and Executives**

The Company does not employ a selection committee. The Company's Board of Directors will act according to the shareholders meeting resolution by adhering to the following guidelines and procedures:

1. Each shareholder is entitled to 1 vote for each share held.
2. In the process of selecting the Company's Board of Directors, votes can be cast for nominated persons in group or individually. However, during the voting process each shareholder shall exercise all of his/her stockholding as stated in (1). The Shareholder shall not transfer his/her votes to any other person.
3. The election of the Board of Directors must abide by the majority votes. In an event of a tie, the meeting chairperson is to cast his/her vote to end the deadlock.

# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

## Executive Managements as of 31 December 2012

Name	Position
Mr. Chaisilp Tamesirichai	President
Mr. Prasong Srithornratkul	Vice President
Mr. Pramote Sivaruk	Vice President
Mr. Thawee Senavattanakul	Asst. to President
Mr. Phut Sorayanthanawut	Asst. Vice President
Mrs. Angkana Kokpol	Asst. Vice President

## Remuneration of the Board of Directors as of 31 December 2012

Name	Position	Attendance fee <sup>2</sup>		Remuneration		Total (Baht)
		Board	Audit Committee	Board	Audit Committee	
Mr. Chaisilp Tamesirichai	Chairman of the Board	48,000	-	100,000	-	148,000
Mr. Prasong Srithornratkul	Director	48,000	-	100,000	-	148,000
Mr. Pramote Sivaruk	Director	48,000	-	100,000	-	148,000
Mr. Pornsin Tamesirichai <sup>1</sup>	Director	3,000	-	50,000	-	53,000
Mr. Thana Senavattanakul	Director	48,000	-	100,000	-	148,000
Mr. Pichai Nithivasin	Director	48,000	-	100,000	-	148,000
Mr. Kiangkrai Boonkitticharoen	Director	45,000	-	100,000	-	145,000
Gen. Vapirom Manasrangsi	Chairman of the Audit Committee	35,000	27,000	100,000	120,000	282,000
Mr. Karun Kittisataporn	Audit Committee	45,000	40,000	100,000	120,000	305,000
Mr. Pure Limpsiripan	Audit Committee	45,000	40,000	100,000	120,000	305,000
Mr. Prayoon Vivetpuvanonth	Audit Committee	48,000	40,000	100,000	120,000	308,000
		<b>461,000</b>	<b>147,000</b>	<b>1,050,000</b>	<b>480,000</b>	<b>2,138,000</b>

Note : <sup>1</sup> resigned on August 23, 2011

<sup>2</sup> According the AGM 2012, the shareholders had approved to pay meeting attendance fee for 2011 at 3,000 baht per time and for 2012 at 5,000 baht per time.

<sup>3</sup> Director, Audit committee's Attendance fee and Remuneration are for 2012 and 2013 combined.

## Total remuneration of the Management in 2012

Total remuneration of the Management	22,372,100.96
Numbers of the Management (person)	6
Monetary remuneration type	Salary and bonus
Other remuneration type	Position car

## Audit fee

The Corporate Auditor for the fiscal year ended 31 December 2012 is Ms. Sulalit Ardsawang Certified Public Accountant, registration number 7517 of Dharmniti Auditing Co., Ltd. The Audit fee is amount to 875,000 Baht.

# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

## Details summary of the Board of Directors and the Management

Name	Educational Background	Work Experience	
		Period	Position / Company
<b>Mr. Chaisilp Tamesirichai</b> <i>Age (year), 69</i> <i>% of share, 8.20</i>	- Assumption Commercial College - BA, Ramkamhaeng University - Certificate MINI MBA, Chulalongkorn University - MA. Political Science, Ramkamhaeng University - Director Accreditation Program (DAP) of IOD (26/2004) - Director Certification Program (DCP) (53/2005) - Finance for Non-Finance Directors (FN) (15/2005)	1974 - present 1976 - Present 1988 - Present	President and Chairman of the Board, Sahamit Machinery PCL. Director, Sahamit Holding Co., Ltd. Director, K.S. Mould Parts Co., Ltd.
<b>Mr. Prasong Srithornratkul</b> <i>Age (year), 69</i> <i>% of share, 8.09</i>	- Assumption Commercial College - Director Accreditation Program (DAP) of IOD (28/2004)	1974 - present 1976 - Present 1988 - Present	Vice President and Director, Sahamit Machinery PCL. Director, Sahamit Holding Co., Ltd. Director, K.S. Mould Parts Co., Ltd.
<b>Mr. Pramote Sivaruk</b> <i>Age (year), 69</i> <i>% of share, 8.45</i>	- Assumption Commercial College - Director Accreditation Program (DAP) of IOD (28/2004)	1974 - present 1976 - Present 1988 - Present	Vice President and Director Sahamit Machinery PCL. Director, Sahamit Holding Co., Ltd. Director, K.S. Mould Parts Co., Ltd.
<b>Mr. Thana Senavattanaagul</b> <i>Age (year), 73</i> <i>% of share, 0.73</i>	- Sahakunsuksa School - Japanese Course, Tokyo	1994 - Present 1999 - Present	Director, Sahamit Machinery PCL Chairman of the Board Nokhon Luang Paper Co., Ltd.
<b>Mr. Kriangkrai Boonkitticharoen</b> <i>Age (year), 69</i> <i>% of share, 0.01</i>	- B.A. Business Administration, Thammasat University - Director Accreditation Program (DAP) of IOD (17/2004)	1987 - Present 1990 - Present 1994 - Present	Executive Director, Tata Co., Ltd. Chairman of the Board, Reanthongvittaya Co., Ltd. Director, Sahamit Machinery PCL
<b>Mr. Pichai Nithivasin</b> <i>Age (year), 69</i> <i>% of share, 0.94</i>	- Diploma. Business Administration. Golden Gate College, San Francisco, USA - Director Accreditation Program (DAP) of IOD (26/2004)	1975 - Present 1987 - Present 1994 - Present	Managing Director, Hua Kee Co., Ltd. Director, Bangkok Industrial Gas Co., Ltd. Director, Sahamit Machinery PCL





# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

Name	Educational Background	Work Experience	
		Period	Position / Company
<b>Gen. Vapirom Manasrangsi</b>	- B. Sc.	2004 - Present	Chairman of the Audit Committee, Sahamit Machinery PCL
<i>Age (year), 66</i>	- M. Sc. (Information Technology)		
<i>% of share, -</i>	- Director Accreditation Program (DAP) of IOD (26/2004)	Present	Vice Chief Aid - De - Camp Department, Royal Thai Aid - De - Camp Department
	- Ph.D. (Civil Engineering)		
<b>Mr. Karun Kittisataporn</b>	- Bachelor of Commerce & Administration, Victoria University, New Zealand	2001 - 2007	Permanent Secretary for Commerce, Ministry of Commerce
<i>Age (year), 65</i>	- M.A. (International Trade), Syracuse University, USA	2003 - 2008	Member of the Court of Directors, Bank of Thailand
<i>% of share, 0.03</i>	- Diploma, GATT Commercial Policy Course, Geneva	2006 - 2008	Member of the National Legislative Assembly, National Legislative Assembly
	- National Defence College, Class 388	Present	Member of the Council of State, Council of State
	- Director Certification Program (DCP)		
	- Audit Committee Program	Present	Member of the Insurance Commission, Insurance Commission
	- Finance for Non-Finance Directors		
	- Role of the Remuneration Committee	Present	Chairman of the Executive Board of the Support Arts and Crafts International Centre of Thailand, Support Arts and Crafts International Centre of Thailand
		2008 - Present	Audit Committee Member, Sahamit Machinery PCL.
		2008 - Present	Independent Director and Chairman of Nomination and Remuneration Committee, Bank of Ayudhya PCL.
		2009 - Present	Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Central Pattana PCL.
		2010 - Present	Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Khon Kaen Sugar Industry PCL.



# SHAREHOLDING STRUCTURE AND MANAGEMENT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

Name	Educational Background	Work Experience	
		Period	Position / Company
<b>Mr. Pure Limpsiripan</b> <i>Age (year), 75</i> <i>% of share, 0.66</i>	- Director Accreditation Program (DAP) of IOD (17/2004)	1962 - Present	CEO, T. Thai General (1975) Co., Ltd.
		1999 - Present	Director, Aek Dee Textile Co., Ltd.
		2004 - Present	Audit Committee, Sahamit Machinery PCL.
<b>Mr. Prayoon Vivetpuvanonth</b> <i>Age (year), 69</i> <i>% of share, -</i>	- B. Acc, Thammasat University. - B.L, Thammasat University - Barrister, The Thai Bar - MBA. Sasin Graduate Institute of Business Administration of Chulalongkorn University - Director Accreditation Program (DAP) of IOD (35/2005)	2000 - 2004	Director, Audit Committee, Banpu Plc.
		Present	Audit Committee, Sahamit Machinery PCL.
		Present	Chairman of the Board, Pholtanya PCL.
		Present	Chairman of the Board, Hydrotec PCL.
		Present	Executive Director, Wiwechpattana Rice-Mill Co., Ltd.
<b>Mr. Thawee Senavattanagul</b> <i>Age (year), 62</i> <i>% of share, -</i>	- Assumption Commercial College	1975 - Present	Assistant to President, Sahamit Machinery PCL.
<b>Mr. Phut Sorayanthanawut</b> <i>Age (year), 50</i> <i>% of share, 0.58</i>	- B.Eng, King Mongkut's University of Technology Thonburi	1985 - Present	Assistant to Vice President, Sahamit Machinery PCL.
<b>Mrs. Angkana Kokpol</b> <i>Age (year), 55</i> <i>% of share, 0.36</i>	- B. Acc, Thammasat University - Company Secretary Program (CSP) Institute of Director: IOD (8/2004)	1985 - Present	Assistant to Vice President Sahamit Machinery PCL.



SMIT has performed in accordance with the Stock Exchange of Thailand's Code of Best Practices for Directors of Listed Companies. SMIT also comply with the good governance operating guidelines follows;

## Rights of Shareholders and Equitable Treatments of Shareholders

1. The company provides shareholders, prior to a meeting, with information on the date, time, venue, and all agenda items with complete support data concerning issues to be decided. A notice of a meeting and support document are sent to shareholders at least 7 days in advance. The notice of shareholders meeting 2012 is posted on the company's website so that shareholders can study all the information prior to receiving the notice in documentation.
2. The company's website where shareholders and those interested may download financial information, company profile, and meeting information is [www.sahamit.co.th](http://www.sahamit.co.th). Inquiries may be e-mailed to [info@sahamit.co.th](mailto:info@sahamit.co.th).
3. The invitation to the Annual General Meeting contains information and guidelines for the shareholders relevant to the meeting including voting procedure. In case the company shareholders cannot personally attend the meeting, the company shareholders may use the proxy form provides as attachment or may download from the company website to appoint the Audit Committee members, Board of Directors, or any persons to be the shareholder's proxy to attend and vote in the Annual General Meeting of Shareholders. The company also gives right to the shareholders arrive late to vote for the agenda that haven't been voted by the time the shareholders attend the meeting unless the shareholders' meeting has disagreed.
4. The company held the Annual General Meeting 2012 on April 30, 2012, where all 10 directors were present. Shareholders were given opportunities to directly ask the company directors and committees any relevant questions. The company does not deprive its shareholders of access to company information. For instance, all important information is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings.
5. The company allows shareholders to propose matters to be included in a meeting's agenda, prior to the meeting, with requirements and procedures. For instance, there must holding minimum shares not less than 500,000 shares and continuously held those shares for one year by the date when the shareholder proposes the agenda. A meeting agenda is presented in detail. Criteria for approving or rejecting proposed matters as part of meetings' agendas are stated clearly. There are channels and periods of time for accepting shareholders' proposals. After proposals are accepted, the board of directors' meeting will consider and select the proposals. Shareholders will be informed about the board's meeting decision and reasons in detail regarding the proposals through the shareholders' meeting. In the previous year, company shareholders did not propose any additional matters to be included in shareholders' meeting agendas. In 2013, the company would like to offer and opportunity for the shareholders in proposing the agenda of Annual General Meeting of the Shareholders and nominate person to be elected as the company's Directors in advance be e-mailed to [info@sahamit.co.th](mailto:info@sahamit.co.th).
6. In the 2012 AGM, the chairman informed company shareholders about procedures relevant to the meeting including voting procedure. Shareholders were given opportunities to express their opinions and ask questions. There were inquiries about the company's financial statement and operating results. Shareholders voted on an individual director. Voting cards were used in case of disagreement over

the meeting agenda. The meeting was recorded on video.

7. In minutes of the Annual General Meeting 2012, names of all the directors were shown. Summaries of clarifications, questions, answers, opinions, voting procedure, and vote count were provided. Regarding disagreement, the meeting resolution was presented along with the total of votes in favor/ against and no vote. The minutes were posted on the company website within 14 days after the AGM.
8. Regarding the use and protection of inside information, the company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing. (Details are shown in The Use and Protection of Inside Information Section.)
9. The company requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the company's direct and indirect competition, unless the information about their positions is disclosed before the appointment. Directors must inform the company immediately about their direct and indirect conflicts of interest arising in any company contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the company or its subsidiaries between fiscal years. The company encourages its directors, management and those related to the board to disclose information about their conflicts of interest as part of the board's meeting agendas. Directors who have conflicts of interest in any issues being considered are not allowed to vote on those particular issues.

## Roles of Stakeholders

The Board of Directors accounts for stakeholders' rights and interests by establishing guidelines for addressing the needs of each group mutually sustainable interest. In Practice, SMIT applies the GCG in its business administration of which the practical guidelines are stated in its Code of Business Conduct booklet. SMIT focuses on business responsibilities in 4 core areas: human rights, labor, the environment and anti-corruption.

Rights of shareholders: Relevant policies are defined in "Rights of Shareholders and Equitable Treatments of Shareholders" section.

### Rights of employees:

The Company's employees are an extremely valuable asset and they make essential contributions to the Company's achievement of its goals. As a result, it is Company policy to treat employees fairly in all respects including employment opportunity, remunerations, promotion and professional development. The Company has established the following guidelines for its practice toward employees:

- (1) To treat employees fairly and courteously while paying due respect to individuality and human dignity
- (2) To provide fair remunerations
- (3) To maintain a work environment that does not endanger employees' life or property
- (4) To carry out all professional appointments, rewards and disciplinary actions in good faith on the basis of competence, capability and suitability
- (5) To give priority to skill and knowledge development on a regular and equitable basis
- (6) To listen to opinions and recommendations based on employees' professional competence
- (7) To comply with all employee-related laws, rules and regulations
- (8) To avoid any unfair action that may affect employees' job security or harass or psychologically threaten the employees



## **Rights of customers:**

Customer satisfaction is of great importance to the Company's success. Smit intends to respond to customer's demands effectively and efficiently and to continuously improve this response. Its policies and practice guidelines are as follows:

- (1) To deliver quality products and services which meet customer's expectations at a fair price
- (2) To provide advice regarding the efficient use of Smit's products and services for the customer's maximum benefit
- (3) To give accurate, adequate and timely information about its products and services to customers without exaggeration that may lead to misunderstanding about the quality, quantity or condition of such products or services
- (4) To deal with customers in a polite and efficient way and to gain their trust. To set up a system and process where customers can place complaints regarding the quality, quantity or safety of Smit's products and services; as well as the speed of response and delivery
- (5) To safeguard customer confidentiality and to refrain from abusing it for personal interest or for the interest of other parties

## **Rights of business partners:**

Smit has a policy to equitably and fairly treat its trading partners, taking into consideration the Company's interest and on the basis mutual benefit. In addition, it intends to avoid circumstances that may lead to a conflict of interest. It makes efforts to comply with all contractual obligations, provide reliable information and accurate reports, confer or negotiate for solutions to problems on the basis of following guidelines:

- (1) The Company shall not demand, receive or pay any improper benefits to its trading partners.
- (2) Should it become known that corrupt demand, fraudulent receipt or payment of any improper benefit occurs, full information will be disclosed to the trading partners involved and the Company shall collaborate with the parties concerned to resolve the problem on a fair and timely basis.
- (3) The Company shall strictly comply with all the terms and conditions agreed upon in a transaction. In the event that any particular condition cannot be met, the Company will inform the creditors concerned beforehand and seek a mutually acceptable solution.

Rights of Creditors: The Company has earned trusts among its creditors by operating with ethics as well as complying with the terms of loan and the rightful duties as of borrowers.

## Rights of the community and society:

The Company observes legal rights of the communities it operates and it strictly acts to comply with other related laws such as environmental law and factory act. The Company is well aware of significance of the communities and provides supports by sponsoring, developing infrastructure, and promoting social activities that bring understanding and sustainable development to the community.

The Company is committed to conducting business with sound safety, occupational health and environmental conditions in accordance with the following guidelines:

- (1) The Company shall comply with all legislations and regulations relating to safety, occupational health and environmental requirements in all locations in which the Company operates.
- (2) The Company shall constantly ensure that its working environment is safe for the life and property of its employees.
- (3) Executives and staff must commit to and undertake all activities aimed at promoting the quality of workplace safety, occupational health and the environment.

The company always realizes the importance of all stakeholders as mentioned. Moreover, it values all suggestions, opinions, and comments that enable development and improvement of the company operation. All the stakeholders can contact the company if they want to report incidents complain, request for clarifications/amendments, or make suggestions by emailing : [ia@sahamit.co.th](mailto:ia@sahamit.co.th)., or faxing the internal audit office at (0) 2295 1020.

## Disclosure of Information and Transparency

The company is disclosed correctly, accurately, on a timely basis, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are company practices:

1. Annual statements (Form 56-1) and annual reports are disclosed through the SET channels and company website [www.sahamit.co.th](http://www.sahamit.co.th). There are also updates related news to the company on the website to facilitate decision-making of those involved.
2. In the previous year, the company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the SET, as its practice was in accordance with disclosure requirements.
3. In the 2012 annual report, the company's board of directors' roles and responsibilities together with those of its committees are disclosed. Also, company policies on remuneration payment for directors and managements, a summary of company governance, policies on the environment and society, company practices and a summary of company business ethics.
4. A statement of the board of directors' responsibilities concerning the company's financial report is provided alongside the auditor report in the company annual report. The contents include the certification that the company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations. The statement is signed by the company chairman and managing director.
5. Contents of the company's website consist of corporate governance and results of practices in line with company policies, business ethics, ownership structure, board structure, vision/missions, policies on the environment and society, annual report, financial statement, news and updates in both Thai and English.
6. The company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. The company set up investor relations division to coordinate communications between the company, investors, and shareholders can be reached by email [info@sahamit.co.th](mailto:info@sahamit.co.th) or contact Miss Prangtip Sivaruk Tel. 66 (0) 2295 1000-8 ext. 1515.

## Responsibilities of the Board of Directors

1. The structure of the board consists of 10 directors which 4 of them are independent directors, one of third (1/3) of the board. The number of directors was appropriated to current business size. The Company's directors possess qualifications in various fields, such as skills and expertise in accounting, finance, governance, production, purchasing, international trade and internal audit. Detailed biographies, qualifications, experiences, and ownership of directors are included in Form 56-1.
2. The company's Chairman of the Board and the Managing Director is the same person. The person is being appointed as Chairman of the Board due to his function as the representative of the major shareholders. The person is being appointed as the Managing Director due to his function as the co - founder of the company. Nevertheless, not only the company has clearly defined and divided the duties and authorities of these 2 roles, but also the company has 3 individual executive directors to suitable balance the authorities. Beside the regular business transaction, all other issues will be taken

into consideration of the board of directors (comprises of 4 independent directors or one third (1/3) of company directors).

3. The Company's Audit Committee Board consists of 4 independent directors. Qualifications of audit committee members are in line with relevant SET requirements and Mr. Prayoon Vivetpuvanonth, one of the members, possesses sound knowledge, understanding, professional experiences in accounting and finance and internal audit. In 2012, the committee had 5 meetings, and reports on their works were regularly completed.
4. The board of directors has not appointed the nomination and remuneration committee and risk management committee since the board has reviewed that in reference with the current size and the organization structure, the company is still not necessary to set up these committees. However, the board of directors (comprises of 4 independent directors or one third (1/3) of company directors) are responsible for setting the suitable remuneration of the board of directors and the management with clearly and transparency. The remuneration of the board of directors is benchmarking with the same industry together with the performance of the company and later present to the AGM for approval. The remuneration of the management is being set by the knowledge, ability, responsibility, together with the performance of the individual. Regarding the risk management, the board of directors (comprises of 4 independent directors or one third (1/3) of company directors) are responsible for reviewing and assessing the overall risk of the company i.e. risk of the product price fluctuation, risk of the exchange rates fluctuation, risk of the account receivables, as well as planning and setting risk management policy to minimize the risk at the lowest possibility.
5. It is required that during the annual general meeting, one third (1/3) of company directors resign. The directors that stay longest in term will have to resign and may be reappointed for another term if the AGM approves. Each director's term is about three years.
6. The board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to company executives as well. None of the company directors serves as directors of more than 5 listed companies.
7. The roles, duties and responsibilities of the board of directors, the executive board, the audit committee and are clearly divided.
8. The company has set visions, missions, strategies, goals, business plans and budgets, along with monitoring the work of the management to be in accordance with the designated business plans and budgets. Moreover, the company have been governed an internal control system, an internal audit, and risk management with effectiveness and efficiency.
9. The board of directors has realized the importance of the good corporate governance, which is an important factor for maximizing business success aiming to bring about the best benefit to shareholders, and all stakeholders. The board of directors has announced and enhanced the use of the Good Corporate Governance guideline to give appropriate guideline for the related parties to follow.
10. The board of directors has set a written ethics and codes of business conduct for the company's directors and employees, which cover key matters, such as honesty, integrity, conflicts of interest, and compliance with laws. Compliance to the codes is monitored, and penalties are defined. Each year the company's human resources department evaluates, reviews, and revises the codes of conduct.

11. Conflicts of Interest Prevention, The board of directors thoroughly considers and deals with transactions with (potential) conflicts of interest. The audit committee considers related-party transactions according to the SET legislation and procedure. Stakeholders in transactions are not allowed to decide on those particular transactions, which are fully and accurately disclosed in annual reports and from 56-1.
12. Efficient Administrations and Internal Control, the company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of company resources, and protection and company assets. The company internal audit provides analyses, audits, evaluations, advice, and recommendations to support company activities. The audit committee independently reviews and audits adequacy and efficiency of the company's internal control and internal audit once a year. The opinions on the company internal control system are included in the annual report.
13. The board of director sets at least 4 board meeting every 3 months, and 1 additional meeting one month before annual shareholders' meeting, each director of the board is notified in advance. In board meetings, the chairman, managing director, and secretary consider agendas. This is to ensure that the agendas cover important matters. Each director may propose agendas independently. The board's secretary sends meeting documents to each director in advance of the meeting date. The documents are concise. In a board of directors meeting, the chairman of the board allocates adequate meeting time for managements' presentations and comprehensive directors' discussions.

## Number of Meeting Attended of 2012

No.	Name		Position	Audit	
				Director	Committee
1	Mr. Chaisilp	Tamesirichai	Chairman of the Board	5/5	
2	Mr. Prasong	Srithornratkul	Director	5/5	
3	Mr. Pramote	Sivaruk	Director	5/5	
4	Mr. Pichai	Nithivasin	Director	5/5	
5	Mr. Thana	Senavattanagul	Director	5/5	
6	Mr. Kriangkrai	Boonkitticharoen	Director	5/5	
7	Gen. Vapirom	Manasrangsi	Chairman of the Audit Committee	3/5	3/5
8	Mr. Karun	Kittisataporn	Audit Committee	5/5	5/5
9	Mr. Pure	Limpsiripan	Audit Committee	5/5	5/5
10	Mr. Prayoon	Vivetpuvanonth	Audit Committee	5/5	5/5

14. Minutes of the board of directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree, names of people preparing minutes, and names of those approving minutes. The minutes are bound and easy to retrieve. They cannot be changed. Numbers of the board meetings and attendance are disclosed.
15. The board of directors has appointed Miss Prangtip Sivaruk as the Company's Secretary to sets the board of directors' meetings, other director's meeting as well as the AGM. The Company's Secretary is responsible for providing minutes of the board of directors' meetings, minutes of the AGM, Annual report and filing all documents requires by law.



## Supervision of Use of Inside Information

The company prohibits its directors and the Management from using inside information concerning important matters including trading of securities before publication for personal gains. Preventive measures against the use of inside information by the directors and the management are as follows:

1. The company informs executives about their obligation to disclose security holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to the Securities and Exchange Act B.E. 2535, article 59 and statutory penalty, article 275.
2. Circular notices are sent to executives advising those who receive important inside information that affects prices of securities not to trade company securities and not to disclose the important inside information before the company financial statements or the particular information is publicized.
3. Should there be any changes in security holdings of the company's directors and executives, the changes must be reported to the board of directors in security holdings matter on the agenda.
4. Important inside information and confidential documents saved as hard copies or soft files are protected and access is limited to top executives only when necessary. If any inside information needs to be disclosed to company employees, the employees will be informed properly about the limitation of the use of that information. An employee who discloses company confidential information will be penalized.
5. To monitor irregularity in company operating results, random examination is done to security trade, the company's information system and outside information sources.

## Internal Control

The company has continuously focusing on an efficient internal control system in which is an important mechanical tool to support the management in decreasing business risk, to ensure the effectiveness of the business transaction, to appropriately allocate the resources and to accomplish the designated goal. Moreover, it helps to protect the loss of possession or fraud, and enhance the accuracy and accountability of the financial report. The internal audit, under supervision of the Audit Committee, has independence to operate and audit the internal control system in accordance with general standards and followed annual audit plan written based on the principle of risk base auditing. This is to ensure the efficiency, the effectiveness and the continuous improvement of the company's internal control system.

In accordance with the Board of Directors meeting no. 2/2013, also attended by the Audit Committee, held on March 19, 2013, which the Board of Directors considered that the sufficiency of the company's the internal control system of the company was adequate, fairly established and appropriate to the company's business. There also was no significant weakness of internal control which would negatively affect and accuracy and reliability of financial statement and the efficiency and effectiveness to achieve the business goals.



## RELATED PARTY TRANSACTIONS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

In the year 2011, the Company disclosed related party transactions that might be conflicts of interest in notes to the audited financial statement for the fiscal year ended December 31, 2012.

Relationship	Description	Transaction	Transaction amount and balance (Unit: Thousand Baht)
1. <b>KS Mould Part Co., Ltd.</b> Is a manufacturer of ejector pins. It is the joint venture between Kanzaki Mfg Co., Ltd. and Sahamit Holding Co., Ltd. holding shares by 60% and 40% respectively.			
(1) Sahamit Holding is a shareholder of KS Mould Part with the shares of 40% of registered capital. The controlling power in under the Japanese shareholders which are Kanzaki Mfg.	The Company is a distributor of ejector pin for KS Mould Part since the Company was appointed to be a sole distributor in Thailand.	Buy	114,934
		Accounts Payable	31,963
(2) Executives of the Company which are Chaisilp Tamesirichai, Prasong Srithornratkul, and Pramote Sivaruk are also the directors and shareholders in Sahamit Holding Co., Ltd.	The Company sold its products to KS Mould Part Co., Ltd.	Sell	10,628
		Accounts Receivable	3,296
2. <b>Rien Thong Wittaya Co., Ltd.</b> is a manufacturer and distributor of books, files and also provides the paper cutting services.			
Kriengkrai Boonkitticharoen is the President of Rien Thong Wittaya Co., Ltd. and also a director of Sahamit Machinery PCL.	The Company sold paper to Rien Thong Wittaya at market price.	Accounts Receivable	375 -
3. <b>Khon Khaen Sugar PCL.</b> is a manufacturer of sugar and other related business.			
Karun Kittasataporn is an Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee of Khon Khaen Sugar PCL. and also the Audit Committee of Sahamit Machinery PCL.	The Company sold spare parts and chemical products for Khon Khaen Sugar PCL.	Sell	13,338
		Accounts Receivable	829
4. <b>Bangkok Industrial Gas Co., Ltd.</b> is a distributor of Nitrogen Gas			
Pichai Nithivasin is a director of Bangkok Industrial Gas Co., Ltd. and also a director of Sahamit Machinery PCL.	The company bought Nitrogen gas to be use in the Heat Treatment Plant at market price.	Buy	1,285
		Accounts Payable	235
5. <b>Hua Kee Co., Ltd.</b> is the distributor of paper products			
Pichai Nithivasin is a Managing Director of Hua Kee Co., Ltd. and also a director of Sahamit Machinery PCL.	The company sold paper for the manufacturing plant to Hua Kee Co., Ltd.	Sell	1,369
		Accounts Receivable	271

### Rules and Regulations or Steps of Approval in Connected Transactions

The committee had considered and unanimously agreed that in case of the connected transaction that may lead to conflict of interests, a meeting must be held for the committee to consider and approve the connected transaction. The audit committee shall participate in the meeting to ensure that the consideration of the connected transaction was fair, reasonable, transparent and on the normal business transaction basis. The committee shall set out the policy that will optimize the firm benefit and ensure conditions are indifferent to the transaction with outside parties.

# REPORT OF THE BOARD OF DIRECTOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

The Board of Directors is responsible for the company's financial statements and other information as shown in the annual report. Such financial statements are prepared in accordance with the generally accepted accounting principles and other reporting requirements, significant information to support the financial statements are also adequately provided.

In this matter, the board of directors has appointed an audit committee which consists of four independent directors who are responsible for the quality of the financial statements and the internal control system. The remarks of the audit committee are included in its report that already exists in the annual report of the company.

The board of directors opines that overall internal control system is satisfactory and can create the credulity towards the financial statements of the company as of December 31, 2012.

Mr. Chaisilp Tamesirichai  
President and Chairman of the Board



# AUDIT COMMITTEE'S REPORT

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

The Audit Committee of Sahamit Machinery Public Company Limited currently comprises entirely of four Independent Directors with profound experience in management, law, financial and accounting. Gen. Vapirom Manasrangsi is the Chairman of Audit Committee; Mr. Pure Limpsiripan, Mr. Prayoon Vivetpuvanonth, and Mr. Karun Kittisataporn are members of the Audit Committee.

In 2012, the Audit Committee performed the duties as stated in the code of conduct for the Audit Committee where 5 meetings were convened. In every meeting, Internal Auditors, External Auditors, and the Company's executive managements have participated as per following details

1. Reviewed the quarterly and the annual financial statements for the year 2012 to ensure that the financial statements were properly prepared in essential details according to generally accepted accounting principles with complete, adequate, and timely disclosure of key information. It also monitored and reviewed preparation for changes in its accounting standard and the preparation of new financial statements based on IFRS (International Financial Reporting Standards).
2. Reviewed the Related party transactions with related companies and items of potential conflicts of interest with due regard for sensibility and the best interests of SMIT and the shareholders . It also ensured disclosure of information required by SET and related laws.
3. Reviewed overall internal control system with the Management and Internal Auditors and found suitable internal control system in compliance with applicable regulations, procedures and terms, which resulted in efficiency and effectiveness of administration and internal control.
4. Reviewed the annual audit plans and their implementation, reviewed audit findings, made recommendations on, and monitored key corrective actions as to bring about continuously good corporate governance.
5. Reviewed the Company's operation to ensure that it was in compliance with the rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand as well as the relevant laws. The Committee is of the opinion that the Company has correctly and completely complied with the applicable regulations and laws.
6. Reported to the Board of Directors the audit results and findings quarterly and established the annual evaluation of the Audit Committee's performance in compliance with SEC and SET regulations and the Audit Committee manual. In sum, the Audit Committee's performance were satisfied and in compliance with SET regulations and the Audit Committee manual.
7. For the 2013 Financial Statement, the Committee examining qualifications and defining a suitable compensation, the Committee was in favor of reappointing Dharmniti Auditing Co., Ltd. as the External Auditor due to the fact that its reputation and audits standards are widely accepted. The appointment of the Audit firm will be proposed to the shareholders at the Annual General meeting of Shareholders 1/2013 for their further approval.
8. Support all related activities involve with Good Corporate Governance, such as proposing the executive management to revise the code of conduct handbooks to be use through out the company.

The Audit Committee is of the opinion that the Company has complied with the applicable laws and its accounting system and financial reports are complete, correct and reliable. The Audit Committee also is of opinion that overall internal controlling system, related party transactions, risk management are suitable and compliance the rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand as well as the relevant laws.

On behalf of the Audit Committee.

Gen. Vapirom Manasrangsi  
Chairman of the Audit Committee



# REPORT OF THE AUDITOR

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED

To The Shareholders and Board of Directors of  
Sahamit Machinery Public Company Limited

I have audited the accompanying financial statements of Sahamit Machinery Public Company Limited, which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahamit Machinery Public Company Limited as at December 31, 2012, and the results of its operations and the changes in its shareholders' equity and its cash flows for the year then ended in accordance with the Financial Reporting Standards.

(Miss Sulalit Ardsawang)  
Certified Public Accountant  
Registration No. 7517

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 14, 2013  
2013/071/0274



# STATEMENTS OF FINANCIAL POSITION

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / AS AT DECEMBER 31, 2012 AND 2011

ASSETS	Notes	Baht	
		2012	2011
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	16,556,073.92	12,753,326.24
Trade and other receivables	4, 6	524,361,811.71	478,409,139.83
Inventories	7	1,084,236,993.29	1,204,746,895.18
Other current assets		2,228,013.54	9,566,546.84
Total current assets		1,627,382,892.46	1,705,475,908.09
<b>NON-CURRENT ASSETS</b>			
Fixed deposit using for guarantee	10	585,622.81	577,270.75
Investment property	8	10,007,313.64	10,686,528.59
Property, plant and equipment	9	698,668,386.61	657,419,480.59
Other non-current assets		2,442,561.21	2,371,044.25
Total non-current assets		711,703,884.27	671,054,324.18
<b>TOTAL ASSETS</b>		<b>2,339,086,776.73</b>	<b>2,376,530,232.27</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans from financial institutions	10	210,113,402.14	439,978,715.82
Trade payables	4	213,829,064.06	204,839,358.64
Other payables		26,123,989.56	24,660,500.62
Cash received in advance under the hiring agreement		-	23,214,250.69
Cash received in advance from sales and services		20,540,844.51	32,906,575.54
Income tax payable		39,449,413.41	34,950,083.40
Other current liabilities		6,239,731.46	3,014,853.24
Total current liabilities		516,296,445.14	763,564,337.95
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit obligations	11	27,892,167.00	25,050,472.00
Other non-current liabilities		150,000.00	150,000.00
Total non-current liabilities		28,042,167.00	25,200,472.00
<b>TOTAL LIABILITIES</b>		<b>544,338,612.14</b>	<b>788,764,809.95</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Authorized share capital			
550,000,000 shares, Baht 1.00 par value each		550,000,000.00	550,000,000.00
Issued and fully paid-up			
530,000,000 shares, Baht 1.00 par value each		530,000,000.00	530,000,000.00
Surplus capital			
Premium on common stocks		262,262,300.00	262,262,300.00
Premium on treasury shares	13	12,951,122.72	-
Retained earnings			
Appropriated			
Legal reserves	12	55,000,000.00	55,000,000.00
Treasury shares reserve	13	-	28,617,465.28
Unappropriated		848,611,086.87	654,579,467.32
Other components of equity	9	85,923,655.00	85,923,655.00
Total shareholders' equity		1,794,748,164.59	1,616,382,887.60
Less treasury shares	13	-	(28,617,465.28)
Total shareholders' equity		1,794,748,164.59	1,587,765,422.32
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,339,086,776.73</b>	<b>2,376,530,232.27</b>

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



# STATEMENTS OF COMPREHENSIVE INCOME

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Notes	Baht	
		2012	2011
REVENUES			
Sales and services	4	2,747,070,995.68	2,311,104,206.86
Other income			
Commissions		53,067,283.31	23,511,226.90
Gain on exchange rate		11,007,099.84	-
Others		13,004,121.73	13,075,457.81
Total revenues		2,824,149,500.56	2,347,690,891.57
EXPENSES			
Cost of sales and services	4	2,052,265,270.23	1,698,724,751.05
Selling expenses		120,141,250.12	100,361,956.10
Administrative expenses		230,390,705.30	203,854,781.43
Management benefit expenses		24,510,100.96	21,492,886.83
Loss on exchange rate		-	12,323,364.28
Finance costs		11,746,992.07	10,478,090.55
Total expenses		2,439,054,318.68	2,047,235,830.24
Income before income tax expense		385,095,181.88	300,455,061.33
Income tax expense	2.14	81,881,193.61	78,611,391.75
Income for the year		303,213,988.27	221,843,669.58
Other comprehensive income		-	-
Total comprehensive income for the year		303,213,988.27	221,843,669.58
Basic earnings per share (Baht per share)	16.2	0.58	0.43

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		Baht							
		Share capital issued and fully paid-up	Premium on common stocks	Premium on treasury shares	Retained earnings		Other components of equity	Treasury shares	Total shareholders' equity
					Appropriated	Unappropriated	Surplus on land revaluation		
Notes					- Legal reserves	- Treasury shares reserve			
Beginning balance as at									
January 1, 2011		530,000,000.00	262,262,300.00	-	55,000,000.00	10,260,844.16	575,652,418.86	85,923,655.00	(10,260,844.16) 1,508,838,373.86
Treasury shares reserve	13	-	-	-	-	18,356,621.12	(18,356,621.12)	-	-
Treasury shares	13	-	-	-	-	-	-	(18,356,621.12)	(18,356,621.12)
Dividend payment	15	-	-	-	-	-	(124,560,000.00)	-	(124,560,000.00)
Total comprehensive									
income for the year		-	-	-	-	-	221,843,669.58	-	221,843,669.58
Ending balance as at									
December 31, 2012		530,000,000.00	262,262,300.00	-	55,000,000.00	28,617,465.28	654,579,467.32	85,923,655.00	(28,617,465.28) 1,587,765,422.32
Reversal reserve of									
treasury shares	13	-	-	-	-	(28,617,465.28)	28,617,465.28	-	-
Sales of treasury shares	13	-	-	12,951,122.72	-	-	-	28,617,465.28	41,568,588.00
Dividend payment	15	-	-	-	-	-	(137,799,834.00)	-	(137,799,834.00)
Total comprehensive									
income for the year		-	-	-	-	-	303,213,988.27	-	303,213,988.27
Ending balance as at									
December 31, 2013		530,000,000.00	262,262,300.00	12,951,122.72	55,000,000.00	-	848,611,086.87	85,923,655.00	- 1,794,748,164.59

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



# STATEMENTS OF CASH FLOWS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Baht	
	2012	2011
<u>Cash flows from operating activities :</u>		
Income for the year	303,213,988.27	221,843,669.58
Adjustments to reconcile income for the year to net cash provided by (used in) operating activities :		
Depreciation	67,514,348.16	60,374,932.73
Allowance for doubtful accounts (reversal)	(324,017.64)	(837,805.23)
Bad debt	2,895,408.55	3,352,686.38
(Gain) loss on disposal of fixed assets	(6,293,589.44)	(5,509,153.51)
Unrealized (gain) loss on exchange rates	(272,823.40)	10,067,048.71
Employee benefit obligations	2,239,579.00	1,947,849.00
Interest income	(1,072,563.30)	(77,716.67)
Interest expenses	11,746,992.07	10,478,090.55
Income tax	81,881,193.61	78,611,391.75
Income from operating before changes in operating assets and liabilities	461,528,515.88	380,250,993.29
(Increased) decreased in operating assets		
Trade and other receivables	(48,611,561.15)	41,516,906.05
Inventories	120,509,901.89	(203,124,637.30)
Other current assets	7,338,533.30	(6,967,338.73)
Other non-current assets	(71,516.96)	2,469,307.66
Increased (decreased) in operating liabilities		
Trade payables	9,007,406.21	(571,129.63)
Other payables	1,527,719.43	(2,860,337.65)
Cash received in advance	(35,579,981.72)	12,341,671.70
Other current liabilities	3,224,878.22	244,339.04
Cash generated from operations	518,873,895.10	223,299,774.43
Payment for income tax	(77,381,863.60)	(75,902,148.76)
Net cash provided by operating activities	441,492,031.50	147,397,625.67
<u>Cash flows from investing activities :</u>		
Increased in fixed deposit using for guarantee	(8,352.06)	(2,843.41)
Cash received from sales of the fixed assets	7,173,543.90	5,632,601.88
Cash paid for purchase of the fixed assets	(108,963,993.69)	(101,672,298.75)
Cash received from interest	1,072,563.30	82,514.06
Net cash used in investing activities	(100,726,238.55)	(95,960,026.22)
<u>Cash flows from financing activities :</u>		
Increased (decreased) in overdrafts and short-term loans from the financial institutions	(229,522,692.71)	100,505,506.88
Cash paid for dividend	(137,799,834.00)	(124,560,000.00)
Cash paid for purchase treasury shares	-	(18,356,621.12)
Cash received from sales treasury shares	41,568,588.00	-
Cash paid for interest expenses	(11,209,106.56)	(9,906,513.87)
Net cash used in financing activities	(336,963,045.27)	(52,317,628.11)
Net increased (decreased) in cash and cash equivalents	3,802,747.68	(880,028.66)
Cash and cash equivalents at the beginning of year	12,753,326.24	13,633,354.90
Cash and cash equivalents at the end of year	16,556,073.92	12,753,326.24

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

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

## 1. GENERAL INFORMATION

### (a) Address and legal status

Sahamit Machinery Public Company Limited was registered under Thai law on June 7, 1973 and converted from the Company under the provision of the Civil and Commercial Code to be a Company in accordance with the Public Company Act on November 21, 1994. The office is located at 42, 48 Soi chokchaijongjumroen, Rama 3 Road, Bangpongpan, Yannawa, Bangkok, 10120.

### (b) Nature of the Company's operations

The Company's main areas of business are an importer and distributor of product groups consisting of the distributor of special steel for the production of tools, spare parts and moulds, and provider of heat treatment service, distributor of machines for the production of moulds and other machines for steel products, the distributor of paper products, pulp, chemical and machines for the paper industry, the distributor of machineries and equipments for wood and furniture industry, industrial knife production and electrical engineering products.

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the financial reporting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards for Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

### 2.2 Revenues and expenses recognition

The Company recognizes sales of goods when the significant risks and rewards of ownership of the goods have passed to customers.

The Company recognizes service income upon completion of work and issuance of invoice.

The revenue from providing equipment maintenance service is recognized by the period of service in the service agreement on an accrual basis.

The Company recognizes project income by the stage of completion of work.

The Company recognizes other income and expenses on an accrual basis.

### 2.3 Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits at financial institutions with an original maturity of 3 months or less and excluded cash at banks which are used for guarantee.

### 2.4 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and a review of the current status of the existing receivables.

### 2.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Costs is calculated as follows :-

Finished goods - weighted average method

Work in process - weighted average method

Raw materials and supplies - weighted average method

The cost of inventories comprises all costs of purchase and costs of conversion include an appropriate share of production overheads based on normal production capacity.





# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The Company has provided allowance for value decrease from inventory are slow moving at the end of the period.

## 2.6 Investment property

Investment property is the property held to earn rentals or for capital appreciation or both, and not use in operations.

Land for investment property is stated at cost less allowance for impairment (if any).

Buildings for investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of investment property under building for rent category is calculated by the straight-line method over the estimated useful lives of 20 years. Depreciation of investment property is included in determining income.

## 2.7 Property, plant and equipment and depreciation

Land is stated at the appraisal value, the Company has a policy to review the appraised value of assets every 5 years.

Buildings and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation is calculated by cost less residual value on the straight-line method over the estimated useful lives of the assets as follows :-

	Years
Buildings	20
Improvements	10
Machinery and equipment	5-15
Furniture, fixtures and office equipment	3-5
Vehicles	5

The depreciation charge has to be determined separately for each significant part of an asset.

Depreciation is included in determining income.

The Company reviews the residual value and useful life of an asset at least at each financial year-end.

## 2.8 Rubber trees plantation costs

Rubber trees plantation costs consist of the cost of rubber trees and the expenses related to the rubber trees plantation, which were incurred before the trees are extracted.

Cost of rubber trees plantation is stated at cost less accumulated amortization. The amortization of rubber trees plantation cost is calculated by the straight-line method over the estimated useful life of 15 years.

Expenses related to rubber trees plantation, fixing and infilling mature harvesting are recorded as expenses in the statements of comprehensive income.

No amortization is provided on rubber trees plantation costs that are not ready to extract.

## 2.9 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

## 2.10 Impairment of assets

Property, plant and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statements of comprehensive income. Impairment loss is reversed to other income wherever there is any indication that the impairment loss recognized may no longer exists or may have decreased.

## 2.11 Foreign currency transactions

Transactions in foreign currencies are converted into Thai Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at reporting date are converted into Thai Baht at the exchange rates ruling at that dates unless hedged by forward foreign exchange contracts, in which case, the rates specified in such forward contracts are used. Gains and losses on exchange are recognized in current operations.

## 2.12 Provisions

A provision is recognized in the financial statements 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.

## 2.13 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented in premium on treasury share and retained earnings, consecutively.

## 2.14 Income tax

Corporate income tax for the year 2011 is calculated by multiplying from tax profits by the rate of 30% of net profits. Corporate income tax is calculated by multiplying earnings represents net profit before income tax for the period on the Non-BOI promoted earnings, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

According to the Royal Decree 530 (B.E. 2554) dated December 14, 2011 issued under the Revenue Code, regarding the reduction of income tax rates, corporate income tax for the year 2012 is calculated by multiplying from tax profits by the rate of 23% of net profits, and for the year 2013, onwards by the rate of 20% of net profits.

## 2.15 Use of accounting estimates

Preparation of financial statements in accordance with the financial reporting standards requires management to make estimates and assumptions that affect the reported amounts shown in the financial statements and notes to financial statements. Actual results may differ from those estimates.

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

## 2.16 Employee benefits

### Short-term employee benefits

Salaries, wages, bonuses, commission, welfare, contributions to the social security fund and provident fund are recognized as expenses when incurred.

### Post-employment benefit (Defined contribution plans)

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

### Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments to employees upon retirement under the Company's article and labour law. The Company treated these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in profit or loss.

## 3. NEW ACCOUNTING STANDARDS ISSUED DURING THE YEAR AND NOT YET EFFECTIVE

On March 15, 2012, the Federation of Accounting Professions (FAP) has issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal year beginning on or after January 1, 2013.

The management of the Company is evaluating the impact on the financial statements when this financial reporting standard is initially applied.

## 4. RELATED PARTIES TRANSACTIONS

The Company has certain transactions with related parties. These related parties are related through common shareholdings and/or directorships. The effects of these transactions are reflected in the accompanying financial statements on the basis determined by the Company and the parties concerned.

For the years ended December 31, 2012 and 2011, the significant transactions with related parties can be summarized as follows :-

Related companies	Pricing policy	Baht	
		2012	2011
Sales			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	10,627,788.81	10,827,960.09
Reanthong Wittaya Co., Ltd. (Common directorships)	Market Price	374,707.50	491,056.03
Khon Kaen Sugar Industry Pcl. (Common directorships)	Market Price	13,337,536.02	8,585,946.51
New Krung Thai Sugar Factory Co., Ltd. (Common directorships)	Market Price	-	2,947,048.00
Tamaka Sugar Industry Co., Ltd. (Common directorships)	Market Price	-	1,867,215.00
Hua Ki Paper Co., Ltd. (Common directorships)	Market Price	1,368,560.00	459,000.00
Purchases			
K.S. Mould Parts Co., Ltd. (Common directorships)	Market Price	114,934,244.06	98,217,657.07
Bangkok Industrial Gas Co., Ltd. (Common directorships)	Market Price	1,285,341.92	1,014,140.60

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

The outstanding balances as at December 31, 2012 and 2011 are as follows :-

	Baht	
	2012	2011
<u>Trade receivables - Related companies</u>		
K.S. Mould Parts Co., Ltd.	3,296,059.92	529,212.28
Khon Kaen Sugar Industry Pcl.	829,120.00	435,757.51
Reanthong wittaya Co., Ltd.	-	46,845.14
Hua Ki Paper Co., Ltd.	270,715.35	-
<u>Trade payables - Related companies</u>		
K.S. Mould Parts Co., Ltd.	31,962,735.73	22,549,023.64
Bangkok Industrial Gas Co., Ltd.	235,354.67	125,662.67

## Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

For the years ended December 31, 2012 and 2011, management benefit expenses as follow :-

	Baht	
	2012	2011
Management personnel compensation		
Short-term employee benefits	24,093,545.00	21,122,096.00
Post-employment benefits	416,555.96	370,790.83
Total	24,510,100.96	21,492,886.83

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht	
	2012	2011
Cash in hand	428,743.63	425,555.97
Cash at bank - current accounts	1,827,816.65	2,039,817.82
Cash at bank - saving accounts	14,299,513.64	10,287,952.45
Total	16,556,073.92	12,753,326.24

Saving accounts are carrying interest at the floating rates which are set by the banks.

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of :-

	Baht	
	2012	2011
Trade receivables, classified by age analysis :-		
- Domestic		
Not yet due	306,345,299.06	273,476,455.38
Overdue :		
Not over 3 months	170,877,729.86	172,262,066.59
3 - 6 months	10,917,029.29	10,830,923.01
6 - 12 months	26,144,538.76	5,319,557.06
Over 12 months	12,521,949.60	19,968,638.61
Total	526,806,546.57	481,857,640.65



# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

	Baht	
	2012	2011
- Foreign		
Not yet due	5,001,297.34	3,506,016.03
Total	531,807,843.91	485,363,656.68
<u>Less</u> Allowance for doubtful accounts	(13,857,189.03)	(17,076,615.22)
Total trade receivables - net	517,950,654.88	468,287,041.46
<u>Other receivables</u>		
- Advance payable	685,861.37	2,101,603.86
- Prepaid expenses	1,817,055.88	1,066,952.61
- Cash deposit for goods	3,904,101.58	6,000,912.04
- Other	4,138.00	952,629.86
Total	6,411,156.83	10,122,098.37
Total trade and other receivables - net	524,361,811.71	478,409,139.83

As at December 31, 2012 and 2011, the movements of allowance for doubtful accounts are as follows :-

	Baht	
	2012	2011
Allowance for doubtful accounts :		
Beginning balance	17,076,615.22	21,267,106.83
Increase during the year	2,419,045.76	987,737.23
Reversal during the year	(2,743,063.40)	(1,825,542.46)
Bad debts written off during the year	(2,895,408.55)	(3,352,686.38)
Ending balance	13,857,189.03	17,076,615.22

As at December 31, 2012 and 2011, the Company had trade receivables from state enterprise in the amount of Baht 11.37 million and Baht 19.36 million, respectively with extended a credit term to 270 days, which longer than usual trade (normal trade credit term ranges from 30 to 90 days). The management believes that there is no risk in the collection of debts.

As at December 31, 2012 and 2011, the Company had installment receivable less than 12 months in the amount of Baht 18.78 million and Baht 7.58 million, respectively.

## 7. INVENTORIES

Inventories consisted of :-

	Baht	
	2012	2011
Inventories	1,004,842,757.00	1,032,079,591.60
Work in process	8,406,639.75	5,252,633.56
Raw materials	54,689,912.45	112,273,641.53
Goods in transit	23,597,684.09	62,441,028.49
Total	1,091,536,993.29	1,212,046,895.18
<u>Less</u> Provision for the decline in value of inventory	(7,300,000.00)	(7,300,000.00)
Inventories - net	1,084,236,993.29	1,204,746,895.18

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

## 8. INVESTMENT PROPERTY

Investment property consisted of :-

	Baht			
	Balance per book as at January 1, 2012	Additions	Deductions	Transfers in (Transfers out)
<u>At cost</u>				Balance per book as at December 31, 2012
Land for rent	10,000,000.00	-	-	-
Building for rent	18,090,680.32	-	-	-
Total	28,090,680.32	-	-	-
<u>Less Accumulated depreciation</u>				
Building for rent	17,404,151.73	679,214.95	-	-
Investment property - net	10,686,528.59			18,083,366.68
				10,007,313.64

	Baht			
	Balance per book as at January 1, 2011	Additions	Deductions	Transfers in (Transfers out)
<u>At cost</u>				Balance per book as at December 31, 2011
Land for rent	10,000,000.00	-	-	-
Building for rent	18,090,680.32	-	-	-
Total	28,090,680.32	-	-	-
<u>Less Accumulated depreciation</u>				
Building for rent	16,499,617.93	904,533.80	-	-
Investment property - net	11,591,062.39			17,404,151.73
				10,686,528.59

As at December 31, 2012 and 2011, the Company's land and building for rent with the carrying book value in amount of Baht 10.01 million and Baht 10.69 million, respectively, have been mortgaged as collaterals from the financial institutions (see note 10).

## 9. PROPERTY, PLANT AND EQUIPMENT

9.1 Property, plant and equipment consisted of :

	Baht			
	Balance per book as at January 1, 2012	Additions	Deductions	Transfers in (Transfer out)
<u>At appraised</u>				Balance per book as at December 31, 2012
Land and improvements				
- Cost	144,582,602.68	-	-	-
- Surplus on land revaluation	85,923,655.00	-	-	-
- Loss on land revaluation	(5,039,867.68)	-	-	-
Total land and improvements				
- at appraised value	225,466,390.00	-	-	-
<u>At cost</u>				
Buildings and improvements	275,162,194.28	1,675,452.74	-	230,000.00
				277,067,647.02



# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

	Baht				
	Balance per book as at January 1, 2012	Additions	Deductions	Transfers in (Transfer out)	Balance per book as at December 31, 2012
Machinery and equipment	489,282,894.64	82,956,141.66	(11,348,126.23)	2,181,777.47	563,072,687.54
Furniture, fixtures and office equipment	33,888,057.34	5,854,573.53	(702,835.34)	-	39,039,795.53
Vehicles	89,556,366.49	18,477,825.76	(12,490,239.68)	-	95,543,952.57
Machinery in transit	2,411,777.47	-	-	(2,411,777.47)	-
Total buildings and equipment - at cost	890,301,290.22	108,963,993.69	(24,541,201.25)	-	974,724,082.66
Total	1,115,767,680.22				1,200,190,472.66
<u>Less</u> Accumulated depreciation					
Buildings and improvements	142,943,025.09	14,477,252.33	-	-	157,420,277.42
Machinery and equipment	241,560,722.78	40,113,074.47	(10,687,337.05)	-	270,986,460.20
Furniture, fixtures and office equipment	28,630,323.51	3,334,183.57	(483,690.06)	-	31,480,817.02
Vehicles	66,084,128.25	8,910,622.84	(12,490,219.68)	-	62,504,531.41
Total	479,218,199.63	66,835,133.21	(23,661,246.79)	-	522,392,086.05
Property, plant and equipment - net	636,549,480.59				677,798,386.61

	Baht				
	Balance per book as at January 1, 2011	Additions	Deductions	Transfers in (Transfer out)	Balance per book as at December 31, 2011
<u>At appraised</u>					
Land and improvements					
- Cost	144,582,602.68	-	-	-	144,582,602.68
- Surplus on land revaluation	85,923,655.00	-	-	-	85,923,655.00
- Loss on land revaluation	(5,039,867.68)	-	-	-	(5,039,867.68)
Total land and improvements - at appraised value	225,466,390.00	-	-	-	225,466,390.00
<u>At cost</u>					
Buildings and improvements	244,921,016.47	2,114,952.18	-	28,126,225.63	275,162,194.28
Machinery and equipment	431,653,782.78	63,133,275.43	(8,122,299.79)	2,618,136.22	489,282,894.64
Furniture, fixtures and office equipment	31,764,948.40	2,343,758.94	(220,650.00)	-	33,888,057.34
Vehicles	87,779,879.96	13,373,172.88	(11,596,686.35)	-	89,556,366.49
Buildings in progress	12,449,000.00	18,295,361.85	-	(30,744,361.85)	-
Machinery in transit	-	2,411,777.47	-	-	2,411,777.47
Total buildings and equipment - at cost	808,568,627.61	101,672,298.75	(19,939,636.14)	-	890,301,290.22
Total	1,034,035,017.61				1,115,767,680.22

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

	Baht				
	Balance per book as at January 1, 2011	Additions	Deductions	Transfers in (Transfer out)	Balance per book as at December 31, 2011
<u>Less</u> Accumulated depreciation					
Buildings and improvements	129,491,801.47	13,451,223.62	-	-	142,943,025.09
Machinery and equipment	213,578,592.31	36,073,402.06	(8,091,271.59)	-	241,560,722.78
Furniture, fixtures and office equipment	26,191,259.30	2,584,761.12	(145,696.91)	-	28,630,323.51
Vehicles	70,302,335.39	7,361,012.13	(11,579,219.27)	-	66,084,128.25
Total	439,563,988.47	59,470,398.93	(19,816,187.77)	-	479,218,199.63
Property, plant and equipment - net	594,471,029.14				636,549,480.59

December 2010, the Company's land was revalued by an independent appraiser to comply with Accounting Standards. The Company adjusted the results on the appraisal in the financial statements for the year ended December 31, 2010. This resulted in an additional surplus on land revaluation of Baht 22.00 million (totalling Baht 85.92 million), was credited to "Surplus on land revaluation" and shown under the "Shareholders' Equity" in the statements of financial position, the "Surplus on land revaluation" is not available for dividend distribution.

As at December 31, 2012 and 2011, part of the Company's land buildings with the carrying book value in the amount of Baht 154.73 million and Baht 188.44 million, respectively, have been mortgaged as collaterals from the financial institutions (see note 10).

As at December 31, 2012 and 2011, the Company had the fixed assets have been fully depreciated that is still in use as follows :-

	Baht	
	2012	2011
<u>At cost</u>		
Buildings and improvements	22,601,867.34	4,547,735.26
Machinery and equipment	97,137,884.71	85,385,307.50
Furniture, fixtures and office equipment	25,237,941.67	24,042,277.03
Vehicles	46,186,693.64	53,107,815.58
Total	191,164,387.36	167,083,135.37

9.2 Land for rubber trees plantation consisted of :-

	Baht	
	2012	2011
Land for rubber trees plantation - at cost	34,782,164.47	34,782,164.47
<u>Less</u> Loss on land revaluation	(13,912,164.47)	(13,912,164.47)
Land for rubber trees plantation - at appraised value	20,870,000.00	20,870,000.00

The Company has started to utilize the land for rubber trees plantation. In December 2010, the Company revalued its land as stated in note 9.1 above, the resulted is the remaining of loss on land revaluation of Baht 13.91 million.

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

## 10. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consisted of :-

	Baht	
	2012	2011
Bank overdrafts	3,555,063.59	5,960,101.33
Promissory notes	30,000,000.00	115,000,000.00
Trust receipts	176,558,338.55	319,018,614.49
Total	210,113,402.14	439,978,715.82

For the years ended December 31, 2012 and 2011, promissory notes and trust receipts as stated above have interest rates ranging from 2.0507% - 4.0100% per annum and 2.0938% - 4.2700% per annum, respectively.

As at December 31, 2012 and 2011, the Company has overdrafts and other credit lines from local financial institutions totaling Baht 1,975.00 million and USD 26.00 million.

The above credit lines are secured by the mortgages of the Company's land with constructions (see notes 8 and 9) and guaranteed by fixed deposits in amount of Baht 0.50 million.

## 11. EMPLOYEE BENEFIT OBLIGATIONS

The Company adopted TAS 19 Employee Benefits with effect from January 1, 2011, as follow :-

### The statements of financial position

As at December 31, 2012 and 2011

	Baht	
	2012	2011
Defined benefit obligations at January 1,	25,050,472.00	22,602,541.00
Current service costs and interest	2,841,695.00	2,447,931.00
Defined benefit obligations at December 31,	27,892,167.00	25,050,472.00

### Expense recognized in the statements of comprehensive income

For the years ended December 31, 2012 and 2011

	Baht	
	2012	2011
Current service costs		
Administrative expenses	1,823,023.04	1,577,058.17
Management benefit expenses	416,555.96	370,790.83
	2,239,579.00	1,947,849.00
Interest on obligation	602,116.00	500,082.00
Total	2,841,695.00	2,447,931.00

### Principal actuarial assumptions at the reporting date

The Company has adopted record obligation under the principal actuarial assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

# NOTES TO THE FINANCIAL STATEMENTS

SAHAMIT MACHINERY PUBLIC COMPANY LIMITED / DECEMBER 31, 2012 AND 2011

## 12. LEGAL RESERVE

In compliance with the Public Company Act, B.E.2535 (1992), the Company sets aside a legal reserve for at least 5% of its net profits until the reserve equaled 10% of the authorized share capital. This reserve is not available for dividend distribution.

## 13. TREASURY SHARES AND TREASURY SHARES RESERVE

At the board of Directors' Meeting No. 5/2010, held on September 22, 2010, the Company's directors resolved to approve the share repurchase program for financial management purposes in the amount not exceeding Baht 150 million. The number of ordinary shares to be repurchased 53 million shares (par value of Baht 1 per share), equal to 10% of the total number of paid-up share capital of the Company. The Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from October 6, 2010 to April 5, 2011. The Company shall determine the share resale procedure in the period after 6 months but no later than 3 years from the completion date of share repurchase, in the case of treasury shares not sold out within a specified period, the Company have to reduce the issued and paid-up share capital by an amount equal to the value of the treasury shares which it could not sell.

The Notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2548 and the Notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2548, have a guideline for the public companies who buy-back their own shares that the Company must have the outstanding balance of treasures shares not exceeding the retained earnings and are required to appropriate their retained earnings to the treasury share reserve equal to the amounts paid to acquire the shares.

In 2010 and 2011, the Company has bought back 11,000,000 ordinary shares, which equals to 2.08% of the total issued and paid up ordinary shares capital with the value of Baht 28.62 million.

On November 9, 2011, the Board of Directors' Meeting No. 6/2011, the board approved to the resale of 11,000,000 treasury shares in during the period from November 28, 2011 to April 5, 2014. During 2012, the Company sold out treasury shares of 11,000,000 shares with the value of Baht 41.57 million with the purchase cost of 28.62 million, that had to premium on treasury shares of Baht 12.95 million, and the Company has reversed treasury shares reserve with retained earnings of Baht 28.62 million.

## 14. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and ability to continue its business as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

According to the statements of financial position as at December 31, 2012 and 2011, the Company's debt-to-equity ratios were 0.30:1 and 0.50:1, respectively.

## 15. DIVIDEND

### For the year 2012

At the Board of Directors' Meeting No. 4/2012 held on August 9, 2012, the board approved to pay interim dividends from the operating results for the first six-month period 2012 amounting to Baht 74.20 million at the rate of Baht 0.14 per share.

And at the Shareholder's Annual General Meeting for the year 2012 held on April 30, 2012, the shareholders approved to pay dividends for the year ended December 31, 2011 amounting to Baht 63.60 million at the rate of Baht 0.12 per share.

Totalling pay dividends in the year 2012 amounting to Baht 137.80 million.

### For the year 2011

At the Board of Directors' Meeting No. 5/2011 held on August 25, 2011, the board approved to pay interim dividends from the operating results for the first six-month period 2011 amounting to Baht 51.90 million at the rate of Baht 0.10 per share (after deducting treasury shares of 11 million shares).

# NOTES TO THE FINANCIAL STATEMENTS

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And at the Shareholder's Annual General Meeting for the year 2011 held on April 26, 2011, the shareholders approved to pay dividends for the year ended December 31, 2010 amounting to Baht 72.66 million at the rate of Baht 0.14 per share (after deducting treasury shares of 11 million shares).

Totalling pay dividends in the year 2011 amounting to Baht 124.56 million.

## 16. EARNINGS PER SHARE

### 16.1 Weighted average number of ordinary shares

Weighted average number of ordinary shares is calculated by net of ordinary shares from treasury shares held by the Company, as discussed in note 13 to the financial statements.

For the years ended December 31, 2012 and 2011, weighted average number of ordinary shares is calculated as follows :-

	Number of shares	
	2012	2011
Number of ordinary shares at the beginning of the years	519,000,000	525,778,300
<u>Less</u> Weighted average number of treasury shares during the years	-	(6,052,267)
<u>Add</u> Weighted average number of treasury shares sold during the years	8,018,527	-
Weighted average number of ordinary shares	527,018,527	519,726,033

### 16.2 Basic earnings per share

Basic earnings per share is calculated by dividing the income for the year by the number of ordinary shares which are issued and paid-up are as follows :-

	2012	2011
Income for the years (Baht)	303,213,988.27	221,843,669.58
Weighted average number of ordinary shares (Shares)	527,018,527.00	519,726,033.00
Basic earnings per share (Baht per share)	0.58	0.43

## 17. EXPENSE BY NATURE

Significant expenses by nature for the years ended December 31, 2012 and 2011 are as follow :-

	Baht	
	2012	2011
Purchase	1,889,099,390.52	1,722,562,757.87
Changes in inventory and work in process	24,082,828.41	(135,301,164.09)
Raw materials and consumables used	112,078,447.33	94,214,427.19
Employee expenses	166,519,781.83	142,077,272.84
Management benefit expenses	24,510,100.96	21,492,886.83
Depreciation	67,514,348.16	60,374,932.73
Transportation and gasoline expenses	24,433,666.11	22,229,441.92

## 18. PROVIDENT FUND

The Company and its employees jointly established a provident fund scheme. Both the employees and the Company contribute to this fund. The fund is managed by the Bank of Ayudhya Public Company Limited and will be paid to the employees upon termination in accordance with the fund's policy. For the years ended December 31, 2012 and 2011, the Company contributed to the fund totaling Baht 0.66 million and Baht 0.53 million, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. FINANCIAL INSTRUMENTS

### 19.1 Financial risk management policies

The Company is exposed to the risks from changes in the market interest rates, currency exchange rates, and from non-performance of contractual obligations by counter parties. The Company has no policy to speculate in or engage in the trading of any financial derivative instruments.

### 19.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company's exposure to interest rate risk relates primarily to its deposits, bank overdrafts, and loans from financial institutions.

Since financial assets are classified as short-term, the Company does not have significant risk from the interest rates.

As for the financial liabilities, the Company's liabilities are mostly short-term with a floating interest rate. The management believes that the interest rates are suitable to the current environment and expects that there should not be any significant fluctuations in the interest rates.

### 19.3 Foreign currency risk

The Company is exposed to foreign currency risk arising mainly from transactions in foreign currencies and foreign currency assets and liabilities, which it has entered into hedging contracts.

As at December 31, 2012, the Company has outstanding forward exchange buying contracts are summarized below :-

Currency	Foreign currency (Thousands)	Contract amount (Thousand Baht)	Fair value (Thousand Baht)
USD	654	20,606	20,052
EUR	265	10,457	10,617
JPY	39,770	16,327	14,080

### 19.4 Credit Risk

The Company is exposed to credit risk primarily with respect to its trade accounts receivable. However, due to the large numbers and diversity of the entities comprising the Company's customer base, the Company does not anticipate material losses from its debt collection.

### 19.5 Fair value

The fair values of significant financial assets and financial liabilities do not differ from their carrying values.

## 20. PRIVILEGES AND BENEFITS UNDER INVESTMENT PROMOTION

The Company has been granted of promotional privileges by the Board of Investment under Investment Promotion Act B.E. 2520 for the business of heat treatment, as following :-



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Promotion Certificate No.	1050 (2)/2549	2229 (2)/2554
Dated	January 20, 2006	October 7, 2011
Category of promoted operation	Category 4.12 : Heat treatment	Category 4.5 : Heat treatment
Key Privileges and benefits under the promotion certificate		
1. An exemption from payment of income tax commencing from	July 17, 2006	October 4, 2012
2. An exemption of income tax for the period of (year)	8 years (not exceed in amount of Baht 219 million)	8 years (not exceed in amount of Baht 75 million)

As a promoted company, the Company must comply with certain conditions and restrictions provided under the promotion certificate.

Sales and services for the years ended December 31, 2012 and 2011 consisted of :-

	Thousand Baht					
	2012			2011		
	Promoted activity	Non-promoted activity	Total	Promoted activity	Non-promoted activity	Total
Sales and services						
- Domestic	89,358	2,627,457	2,716,815	77,869	2,189,694	2,267,563
- Export	-	30,256	30,256	-	43,541	43,541
Total	89,358	2,657,713	2,747,071	77,869	2,233,235	2,311,104

## 21. CONSORTIUM AGREEMENT

As at October 22, 2007, the Company co-signed with Loxley Public Company Limited to submit proposal in the form of consortium named as "Loxley and Sahamit Machinery Consortium". The objective to this consortium is for submit the bidding to Provincial Electricity Authority (PEA) to undertake the agreed responsibilities in portion 50% each. Each party has agreed to perform its duties in accordance with the terms and conditions of the Hiring Agreement and Consortium Agreement. On May 21, 2008, Loxley and Sahamit Machinery Consortium entered into an agreement to employ the service for installing the Field Device Interfaces Group C (South of Thailand) with Provincial Electricity Authority under the Supervisory Control and Data Acquisition Phase 2 Project (SCADA) in total contract value of Baht 367.10 million (excluding VAT). The Company's revenue from this project income in the amount of Baht 178.54 million.

As at December 31, 2012, the Company has completed submit proposal of consortium agreement and recognized project income on the stage of completion of whole work in the amount of Baht 178.29 million. The Company recognized as revenue from sales and services in the amount of Baht 60.14 million, in the statement of comprehensive income for the year ended December 31, 2012.

## 22. COMMITMENTS AND CONTINGENT LIABILITIES

### 22.1 Commitment

As at December 31, 2012, the Company had a commitment and obligation to the royalty agreement entered with a company overseas. The Company shall pay a royalty fee at the rate 5% of local sales and 2% of export sales.

# NOTES TO THE FINANCIAL STATEMENTS

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## 22.2 Guarantee

As at December 31, 2012, the Company had guarantee as follows :-

- The Company had contingent liabilities in respect to the letters of guarantee issued by the banks of Baht 44.48 million.
- The Company had unused letters of credit from a financial institutions amounting to Baht 100.77 million.

## 22.3 Litigations

On April 3, 2012, the Company was sued as a defendant claims to compensate for damages amounting to Baht 11.50 million with interest rates at 7.50% per annum of the principal Baht 5.00 million (from sales amount) until payment is made. Now, this case can be settled and the plaintiff has already dismissed the case.

## 23. SEGMENT INFORMATION

The Company's main business consists of importing and distributing products mainly to the domestic market. There are three major business segments : (1) Steel & Heat treatment (2) Machine tools & Tooling and (3) Others consisting of Pulp & paper, Electrical engineering and Machineries and equipment for wood industry.

Segment informations for the year ended December 31, 2012 are as follows :-

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,389,411	843,721	513,939	2,747,071
Gross profit from segment	395,196	172,290	127,320	694,806
Other income	14,312	40,363	20,165	74,840
Net income	409,508	212,653	147,485	769,646
Non Segment :				
Other income				2,238
Selling expenses				(120,141)
Administrative expenses				(230,391)
Management benefit expenses				(24,510)
Finance costs				(11,747)
Income tax				(81,881)
Income for the year				<u>303,214</u>

### Statement of financial position as at December 31, 2012

Trade and other receivables	524,362
Inventories	1,084,237
Investment property	10,007
Property, plant and equipment	698,669
Total other assets	<u>21,812</u>
Total	<u>2,339,087</u>

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Segment informations for the year ended December 31, 2011 are as follows :-

	Thousand Baht			
	Steel & Heat treatment	Machine tools & Tooling	Others	Total
Sales and services	1,243,691	595,809	471,604	2,311,104
Gross profit from segment	360,187	137,875	114,317	612,379
Other income	6,708	10,430	18,654	35,792
Net income	366,895	148,305	132,971	648,171
Non Segment :				
Other income				795
Selling expenses				(100,362)
Administrative expenses				(203,855)
Management benefit expenses				(21,493)
Loss on exchange rate				(12,323)
Finance costs				(10,478)
Income tax				(78,611)
Income for the year				<u>221,844</u>

## Statements of financial position as at December 31, 2011

Trade and other receivables	478,409
Inventories	1,204,747
Investment property	10,687
Property, plant and equipment	657,419
Total other assets	<u>25,268</u>
Total	<u>2,376,530</u>

## 24. RECLASSIFICATION

Certain transactions in the financial statement for the year 2011, have been reclassified to conform with the new classifications for current period's with no effect on previously reported income for the year or shareholders' equity.

## 25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors on February 14, 2013.

Special Steel	Machine Tools	Tooling
 K.S. MOULD PARTS CO., LTD.    	 +GF+ AgieCharmilles     	        
Paper	Wood	Electric
    	   TOYO KNIFE CO., LTD.    	 



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