

บริษัท ไทยสตีลเคเบิล จำกัด (มหาชน)
Thai Steel Cable Public Company Limited



THAI STEEL CABLE PCL



THAI STEEL CABLE PCL

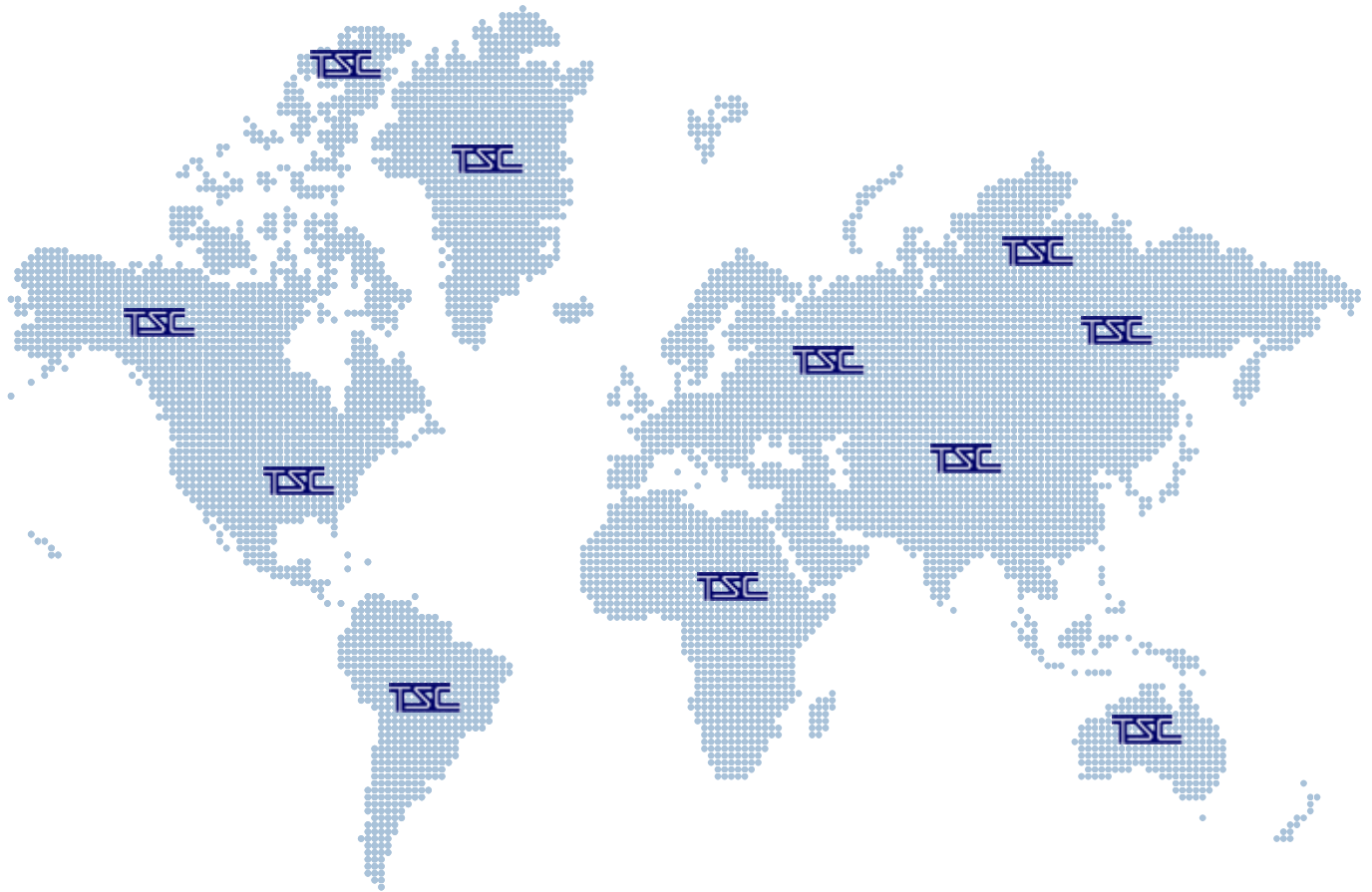


รายงานประจำปี 2555
Annual Report 2012

วิสัยทัศน์ / Vision

เป็นผู้ผลิตสายควบคุมยานยนต์ระดับโลก

To be world class automotive control cable manufacturer



วิสัยทัศน์ / Mission

- ด้านการตลาด - มุ่งสู่ตลาดโลก
Market - Expand to the world market
- ด้านการวิจัยและพัฒนาผลิตภัณฑ์ - มุ่งสู่การเป็นผู้ออกแบบระดับโลก
R&D - To be the world class cable designer
- ด้านองค์กร - มุ่งสู่ความเป็นองค์กรแห่งการเรียนรู้
Organization - To be the learning organization
- ด้านผลิตภัณฑ์ - พัฒนาสินค้าให้มีคุณภาพระดับโลก
Product - To be product of world standard quality



ปรัชญา

สร้างสมดุลระหว่างการทำงานและชีวิต
สร้างมูลค่าสูงสุดให้กับผู้เกี่ยวข้องทั้งหมด
คนและองค์กรที่เติบโตไปพร้อมกัน
ก้าวไปข้างหน้าอย่างไม่หยุดยั้ง
ร่วมสรรค์สร้างสังคมที่ดี

คุณค่า
คน
สังคม
สิ่งแวดล้อม
ความรู้
คุณภาพ

TSC Philosophy

Well-balance of work and life
Maximum value to all stakeholders
People and organization that grow together
Moving forward at all time
Promote good society

Value
People
Society
Environment
Ethic
Knowledge
Quality



Contents

Financial Highlights	3
Message from Chairman of the Board of Directors	4
Message from Vice Chairman	5
Message from Managing Director	6
Board of Director and Audit Committee	7
Executives	8
Organization Chart	9
Corporate Background and Major Developments	10
General Corporate Information	12
Nature of Business	13
Industrial Trends and Competitive Situation in the Future	14
Risk Factors	15
Shareholding Structure and Management	19
Directors' Background	28
Corporate Governance	40
Connected Transactions	46
Report of the Board of Director's Responsibility to the Financial Reports	48
Report of the Audit Committee	49
Explanation and Analysis of Financial Status and Operating Performance	51
Financial Statements	52
Remuneration of Auditor	74

Financial Highlight

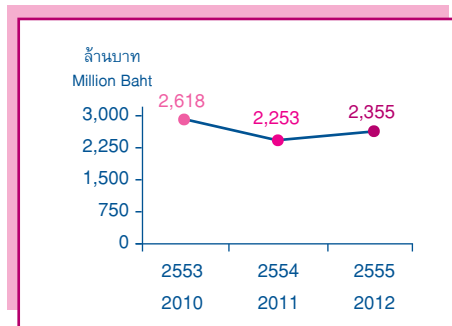
(หน่วย : ล้านบาท / Unit : Million Baht)

งบการเงินของบริษัท ณ 30 กันยายน
Financial Statement as of September 30th

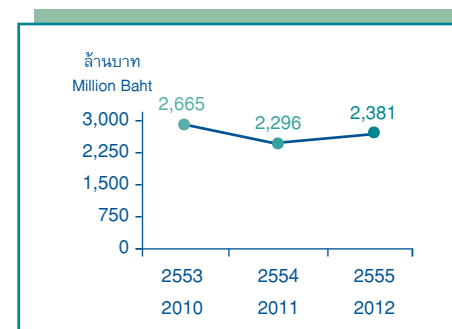
ผลการดำเนินงาน Operating Performance	2553* 2010	2554* 2011	2555 2012
รายได้จากการขาย Revenues from sales	2,618	2,253	2,355
รายได้ทั้งหมด Total Revenues	2,665	2,296	2,381
ค่าใช้จ่ายรวม Total Expenses	2,358	2,081	2,217
กำไรก่อนต้นทุนทางการเงินและภาษีเงินได้ Earnings Before Finance Costs and Income Tax	307	215	164
กำไรสุทธิ Net Earnings	291	200	154
ฐานะทางการเงิน Financial Situation			
สินทรัพย์หมุนเวียน Current Assets	1,176	1,003	1,257
สินทรัพย์รวม Total Assets	2,073	1,956	2,427
หนี้สินรวม Total Liabilities	506	421	868
ส่วนของผู้ถือหุ้น Shareholders' Equity	1,567	1,535	1,559
ข้อมูลต่อหุ้น (หน่วย : บาท) Per Share Data (Unit : Baht)			
กำไรสุทธิต่อหุ้น Earnings per Share (EPS)	1.12	0.77	0.59
เงินปันผลต่อหุ้น Dividend per Share	0.80	0.80	0.50
มูลค่าตามบัญชีต่อหุ้น Book Value per Share	6.03	5.91	6.00
อัตราส่วนทางการเงิน (หน่วย : %) Financial Ratios (Unit : %)			
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า) Debt/Equity Ratio	0.32	0.27	0.56
อัตรากำไรสุทธิต่อรายได้รวม Net Earnings Margin	11	9	6
อัตราผลตอบแทนต่อส่วนผู้ถือหุ้น Return on Equity (ROE)	19	13	10
อัตราผลตอบแทนจากสินทรัพย์รวม Return on Asset (ROA)	14	10	6

*งบการเงินของบริษัท ณ 31 ธันวาคม
Financial Statement as of December 31st

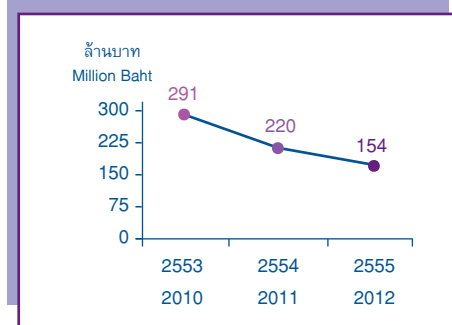
รายได้จากการขาย / Revenues from sales



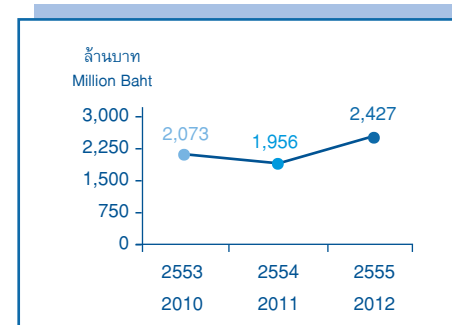
รายได้ทั้งหมด / Total Revenues



กำไรสุทธิ / Net Earnings



สินทรัพย์รวม / Total Assets



Message from Chairman of the Board of Directors



(Mr. Sunsurin Jurangkool)
Chairman of the Board
of Directors

In 2012, product and service export sectors faced downturn in tandem with weakened and highly volatile global economy troubled by public debt problems in EU countries. As a result, Thailand's export sector experienced a general decline, compared to the same period last year. However, domestic demands still expanded continuously, spurred by decent growth of consumption and investment. This is evidenced by increased value-added tax collection and higher sales volume of automobiles and motorcycles as well as rising private investment, particularly in equipment and machinery.

Portions of such private investment are attributed to major automakers' decisions to increase their production capacities to cope with consumer demands in Thailand and other countries. Moreover, Thailand's aspiration to become the Detroit of Asia set out by the government, which showcases the potential of automobile and auto parts industries which can churn out more than two million vehicles, has also encouraged every company to develop its capacities in respect to human resource management and raw material and production cost management as well as applications of production technologies in order to propel Thailand's automobile industry and economy toward achieving the set goals in 2013 and beyond.

Furthermore, the integration of the Asian Economic Community (AEC) in 2015 will ensure that potential growth of Asian economies will continue to support the automobile industry, contrasting with stagnating economies in the U.S. and Europe. Thus, the automobile industry now sets a production target of three million vehicles by 2017 because it is expected that people will have greater demand to use cars in tandem with growing economy. With this in mind, we can be confident that Thailand's automobile industry will continue to grow and receive investor's confidence.

On behalf of the board of directors, I would like to express my gratitude to all our customers and parts manufacturers and every shareholder, government agency and private entity as well as all concerned parties for your trust, confidence and encouragement as well as supports that have always been behind the company's success. Moreover, I and every company director are fully committed to lead the company on an unrelenting, sustainable path toward becoming a world-class automobile control cables manufacturer.

Message from Vice Chairman



(Mr. Choothong Patanatmarueng)
Vice Chairman

Compared to last year, in 2012 Thai economy underwent expansion at an accelerating pace in response to weakening constraints in the production sector and a full recovery to pre-flood levels. Aside from that, government policies, such as increased daily minimum wage and government employees' salaries, rice pledging scheme, first car and first house buyer schemes, and gradual reduction of corporate income tax have also spurred domestic spending, contributing to rapid recovery and expansion of the automobile industry.

At the same time, the company has focused on necessary preparations and vigilance as well as kept abreast of potential changes that could adversely affect its operating performance. In addition, we have also made unrelenting efforts to capitalize on our potentials to seek, develop and expand business operations in order to establish a more secured, suitable growth path to accommodate the advent of the Asean Economic Community (AEC). Moreover, our operations will still be built on the foundation of good corporate governance and corporate social responsibility.

On this occasion, I would like to thank every shareholder, customer, business partner and concerned party that has always supported us with great confidence in the management team and the company, and also express my gratitude to the management and every employee for their unrelenting efforts. Lastly, all of you may rest assured that the board of directors will manage the business to consistently achieve balanced and sustainable growth over the long term.

Message from Managing Director



(Mr. Sarit Patanatmarueng)
Managing Director

In 2012, Thailand's automobile industry has expanded tremendously, spurred by tax refund for first-car buyer policy, debt moratorium policy, and credit card policy which helps improve personal cash flow. Currently, the production could not catch up with rising demands by this yearend.

Domestically, it is believed that the economic stimulus policy which injects money directly into the system will be instrumental in keeping automobile sales growing persistently in 2013, especially pickup trucks and eco cars. If production volume in 2013 exceeded the 2012 level, Thailand would become one of the world's top ten automobile manufacturers. Consequently, Thailand's automobile industry will continue to expand during the next 3-5 years. With this in mind, every business operator needs to continuously improve and develop its capacities.

In addition to additional plant expansion which copes with continuously increasing production volume, the company also focuses on developing the quality of its personnel by encouraging them to continually learn and seek educational opportunities. Learning and applications of new technologies help reduce procedural steps and work time. Besides its potentials and adequate production capacity, the company also has well qualified staff and rich resources that can propel the organization rapidly.

On this occasion, I would like to thank every shareholder for your confidence in the management team and the company as well as all benefactors that have supported the Company for so many years. Lastly, I would also like to show my appreciation to every TSC employee for your dedication and full cooperation to achieve wonderful results for the company.

Board of Directors and Audit Committee



นายสรเสริญ จุฬางกูร
Mr. Sunsurin Jurangkool
ประธานกรรมการ



นายชูทอง พัฒนะเมลิ้ง
Mr. Choothong Patanatmarueng
รองประธานกรรมการ



นายสริต พัฒนะเมลิ้ง
Mr. Sarit Patanatmarueng
กรรมการ



นายมากาโตะ เทราอุรา
Mr. Makoto Teraura
กรรมการ



นายทวีฉัตร จุฬางกูร
Mr. Thaveechat Jurangkool
กรรมการ



นายกรกฤษ จุฬางกูร
Mr. Kornkrit Jurangkool
กรรมการ



นายคะซึโยชิ โอซากิ
Mr. Katsuyoshi Ogaki
กรรมการ



นายทวี วสุวัต
Mr. Kavee Vasuvat
กรรมการอิสระ และ
ประธานกรรมการตรวจสอบ



นายอภินันท์ ณ ระนอง
Mr. Apinan Na Ranong
กรรมการอิสระ และ
กรรมการตรวจสอบ



นายปริญญา ไหววัฒนา
Mr. Prinya Waiwatana
กรรมการอิสระ และ
กรรมการตรวจสอบ



นายฉัตรชัย เอียสกุล
Mr. Chatchai Earsakul
กรรมการอิสระ และ
กรรมการตรวจสอบ

Executives



นายสรเสรี จุฬางกูร
Mr. Sunsurin Jurangkool
ประธานเจ้าหน้าที่บริหาร



นายชูทอง พัฒนะเมลิ้ง
Mr. Choothong Patanatmarueng
รองประธานเจ้าหน้าที่บริหาร



นายสริต พัฒนะเมลิ้ง
Mr. Sarit Patanatmarueng
กรรมการผู้จัดการ



นายคะซึโยชิ โอซากิ
Mr. Katsuyoshi Ogaki
ผู้จัดการทั่วไปอาวุโส
(ส่วนงานวิจัยและพัฒนา)



นายสุทน เปรมปรี
Mr. Suthon Prempre
ผู้จัดการทั่วไป
(ส่วนงานผลิต)



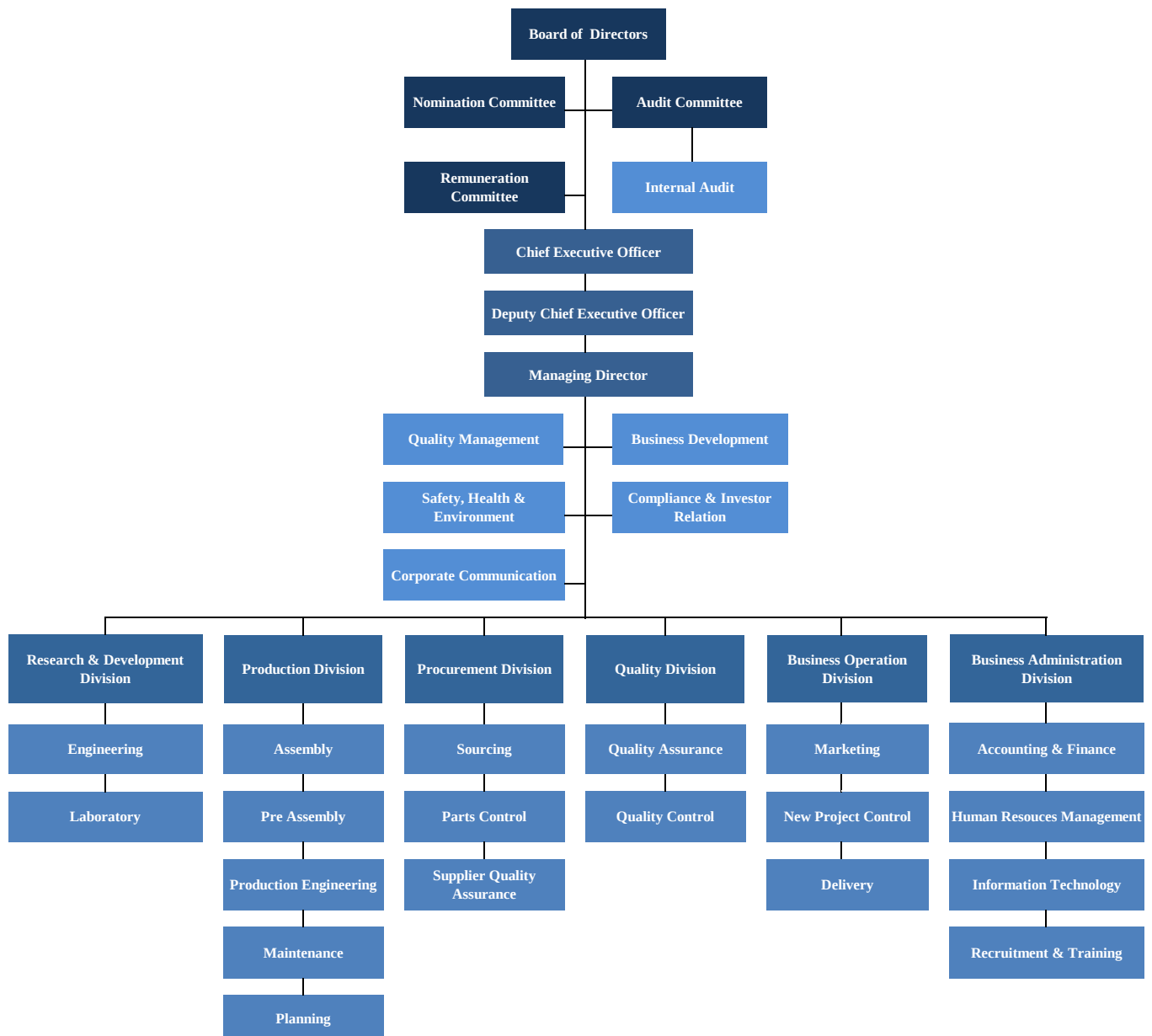
นายสวัสดิ์ สุขะอาจิน
Mr. Sawat Sukaachin
ผู้จัดการทั่วไป
(ส่วนงานคุณภาพ)



นางสาวสิริณา พัฒนะเมลิ้ง
Ms. Sirina Patanatmarueng
ผู้จัดการทั่วไป
(ส่วนงานบริหารธุรกิจ)

Organization Chart

Organization Chart as of November 1, 2012



Corporate Background and Major Developments

Thai Steel Cable Company Co., Ltd. (TSK) was established on June 12, 1978. Two principal founders of the Company are Mr. Sunsum Jurangkool and Mr. Choothong Patanatmarueng. Initially, the Company's registered capital was 4 million Baht and its production capacity was 250,000 pieces per year. Subsequently, the Company increased its registered capital and engaged in a joint venture with HI-LEX Corporation, which is a major producer of automobile and motorcycle control cables in Japan.

Key changes and developments

- 2006
 - Relocated production facilities and head office from Samutprakarn province to Amata Nakorn Industrial Estate in Chonburi province.
- 2007
 - Received two BOI investment promotion certificates, including:
 - Card 1: Promotional incentives for relocation of the existing facilities
 - Card 2: Promotional incentives for plant expansion project
 - Received Q1 Award from Auto Alliance (AAT). This award is presented to parts manufacturer with outstanding quality management.
- 2008
 - Received Quality Control Cycle (QCC) Award from Thai Hino Co-Operation Club. This award recognizes quality control improvement through waste reduction in production process.
 - Received the first prize of Toyota Production System (TPS) Award in the category of Group Sub Leader for the second consecutive year from Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd. This award recognizes cost reduction from optimum utilization through resource management.
 - Set up a product testing center certified by experts of HI-LEX Corporation.
- 2009
 - Received Quality Award "The Satisfies 2009" from Mitsubishi Motors (Thailand) Co., Ltd.
 - Received "Gold Certificate TCC Safety Activity of Level A" Award from Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.
 - Received Thank You Award from Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd. The award is presented to companies that have expertise in Toyota Production System (TPS) and provide consultation to other companies on system development until achieving a successful outcome.
 - Received D 2009 Delivery Award from Honda Group. This award is presented to parts manufacturers with outstanding delivery records on annual basis.
 - Utilized SAP program for management of the entire production process, ranging from production planning and product delivery to collection.
 - Provided testing services of control cables and various parts to parts manufacturers of the Company.
- 2010
 - Received Award of Quality for quality achievement from Mitsubishi Motors (Thailand) Co., Ltd.
 - Officially received a certificate of laboratory quality standards from HI-LEX Corporation, thus enabling the Company to expand the provision of testing services to HI-LEX affiliates worldwide. Moreover, the Company also prepared to apply for ISO/IEC 17025 certification to guarantee its laboratory's technical capabilities according to international standards and to improve its capabilities to test window regulator sets.

- Received three awards from the Productivity Facilitator 2010 project organized by the Thailand Productivity Institute, including outstanding management, outstanding company in the auto parts industry and outstanding productivity facilitator.
- 2011
- Received Bronze Award for outstanding supplier from Hino Motors Manufacturing (Thailand) Ltd.
 - Received 2010 QCD Improvement Supplier Award for outstanding quality, cost and delivery improvement and development from an individual group of Isuzu parts manufacturers.
 - Received Supplier Evaluation Score in Delivery Award for the most outstanding job delivery during 2008 - 2010 from Isuzu Motors Thailand Co., Ltd.
- 2012
- Received laboratory accreditation under TIS 170258-2548 17025-2548 (ISO/IEC 17025: 2005) sanctioned by the Thai Industrial Standards Institute under the Ministry of Industry. This accreditation guarantees that technical competence of the company's laboratory meets international standards.
 - Received Improvement Award from Thai Suzuki Motor Co., Ltd., which is awarded to parts manufacturers with outstanding product delivery performance for three years in a row.
 - Investment Promotion Card 3 contributes to the investment in the Company's facility expansion project.

General Corporate Information

1. General Corporate Information

Registered company	Thai Steel Cable Public Company Limited Company registration number 0107548000145
Registered capital	268,500,000 Baht (comprising 268,500,000 ordinary shares with a par value of 1 Baht per share)
Paid-up capital	259,800,000 Baht
Nature of business	The production of automobile and motorcycle control cables, as well as the manufacture of automobile window regulators. The products are distributed to major domestic automobile and motorcycle manufacturers and spare parts centres. Output is also exported to oversea markets.
Head Office	Amata Nakorn Industrial Estate, 700/737 Moo 1, Tambol Panthong, Amphur Panthong, Chonburi Province, 20160. Telephone: (038) 447 200 - 21
Website	www.thaisteelcable.com
Telephone	: (038) 447 200 – 21 (038) 185 030
Fax	: (038) 185 030
Capital	: 268,500,000 baht (paid-up capital 259,800,000 baht)

2. Information on shareholding over 10 percent

The Company does not hold shares of other business or company.

3. Information on other cited persons

- | | |
|----------------------|---|
| 1) Company Registrar | Thailand Securities Depository Centre Co., Ltd.
62, Stock Exchange of Thailand Building
Ratchadapisek Road, Klongtoey, Bangkok 10110.
Tel. (02) 229 2800
Fax. (02) 359 1259 |
| 2) Auditor | Dr. Junyaporn Techamontrikul
Certified Public Accountant No. 6720
United Auditing PKF Limited
100 Rama IV Road, Samphanthawong, Bangkok 10100.
Tel. (02) 623 3300
Fax. (02) 623 3020 - 1 |

Nature of Business

Business of Thai Steel Cable Public Company Limited may be classified according to 2 categories as follows:

- 1) Control cable business, comprising
 - automobile control cables, such as hood release cables, trunk opener cables, engine start cables, and transmission cables
 - motorcycle control cables, such as brake cables, clutch cables, tachometer cables, and accelerator cables
- 2) Window regulators using cable for all types of automobile

Thai Steel Cable Public Company Limited operates businesses pertaining to automobile and motorcycle control cables and automobile window regulators which are generally sold to leading automakers and motorcycle manufacturers as well as parts centers and retailers in local and foreign markets. Its trademarks include **TSC** as well as **HI-LEX CORPORATION** of Hi-Lex Corporation. Under the licensing and technical assistance contract entered with Hi-Lex Corporation, the Company has to pay royalty fee to Hi-Lex Corporation.

Over a very long time, the Company has earned trust from automakers and motorcycle manufacturers for high-quality products and decent prices as well as outstanding pre-sales and after-sales services.

At end of 2012, the Company owned leading market shares of control cables in Thailand. The major customers are prominent automobile manufacturers of Japan and USA. Moreover, the Company also gained trust in being the major supplier of window regulators for Honda Automobile (Thailand).

Revenue structure

Product line	2010		2011		2012**	
	Revenue Million Bt.	Ratio (%)	Revenue Million Bt.	Ratio (%)	Revenue Million Bt.	Ratio (%)
Revenue from domestic sales	2,551	95	2,127	93	2,292	96
- automobile control cables	1,586	59	1,320	58	1,501	63
- motorcycle control cables	544	20	495	22	447	19
- automobile window regulators	416	16	304	13	339	14
- others	5	-	8	-	5	-
Revenue from overseas sales	67	3	125	5	63	3
- automobile control cables	15	1	14	1	15	1
- motorcycle control cables	6	-	37	1	-	-
- automobile window regulators	-	-	-	-	-	-
- others	46	2	75	3	48	2
Other income						
- others	47	2	43	2	26	1
Total revenues	2,665	100	2,296	100	2,381	100

** Cumulative data over a period of nine months (January – September 2012) due to revision of accounting period.

Industrial Trends and Competitive Situation in the Future

In 2012, Thailand's automobile industry expanded tremendously. New car models such as eco cars or pickup truck models launched by many automakers and the government's automobile stimulus policy propelled production volume to the tune of two million vehicles for the first time in history. Now it is estimated that the sales volume might reach 2.3 million vehicles, up more than 50% compared to 2011. However, such a high growth could be attributed to dwindling production in 2011 which was directly affected by the tsunami incident in Japan early in the year and major floods in Thailand late last year.

In 2013, it is anticipated that the automobile industry will expand continuously with a growth rate of 10-15% and next year new car models will continue to stream into the market. In addition, every automaker (especially Japanese) is expected to continue investing in the expansion of its production capacities due to high yen appreciation and the dispute over sovereignty of the islands between China and Japan. These problems have been adversely affecting the production sectors of both countries. Therefore, it is highly likely that production in Thailand would be utilized to cope with dwindling volume elsewhere, and Thailand might produce more vehicles as a result.

Over a long term, Thailand is targeting at a production record of three million vehicles within the next five years and plans to emerge as one of the world's top-ten automobile manufacturers. However, present competitive situation in the international arena impels automakers to adopt global sourcing policy which requires price comparison of raw materials and parts from production sources throughout the world. That means we will have opportunities to sell more products but face threats of having competitors luring our customers at the same time. Most manufacturers in Thailand will face price comparison with Indonesia, China, India and Japan. Therefore, when quoting prices, we must obtain pricing information from the manufacturers in these countries. As the saying goes, those offering the lowest price will be chosen most of the time.

On the other hand, automakers must always be attentive to delivery and quality. For instance, when sourcing parts from a single production base, there would be more stock control issues than the issues of local contents and complex delivery management. This is because sometimes just-in-time production or interpersonal communication between personnel in each country still poses a problem, and quality issues may not be addressed as promptly as the case of local sourcing. Therefore, even though generally prices in many countries tend to cheaper than Thailand, however, when we consider all three factors, products made in Thailand turn out to be cheaper than Japanese products but are more expensive than Indian and Chinese products, while our quality is only second to Japan. Moreover, the location of Thailand right at the center of the Asean region signifies certain advantages for automakers that desire to use Thailand as a regional distribution hub for their products. Therefore, we could discern that Thailand's automobile industry still retains considerable advantages and opportunities.

Statistics of automobile and motorcycle manufacturing

(Volume: units)

Year	Automobile				Motorcycle			
	Total production output	Domestic sales	Export sales	Volume growth (%)	Total production output	Domestic sales	Export Sales	Volume growth (%)
2010	1,645,304	894,690	750,614	65	2,024,599	1,868,911	155,688	24
2011	1,457,795	733,950	723,845	(11)	2,043,039	1,821,875	221,164	1
2012**	1,723,618	981,753	741,865	18	2,024,044	1,786,738	237,306	(1)

** Cumulative data over a period of nine months (January – September 2012) due to revision of accounting period

Source: The Federation of Thai Industries as of December 6, 2012

Risk Factors

Risk factors affecting the Company's business operation include the followings:

- **Risks from reliance on majority shareholders**

The Company entered into a technical assistance agreement pertaining to trademark rights of the  and "HI-LEX" brands as well as technical supports for production of automobile and motorcycle control cables and cable-type window regulators. These present written agreements with HI-LEX Corporation.

In addition, the Company purchases certain raw materials and components from HI-LEX Corporation since these raw materials and some types of components cannot be procured from local sources in Thailand or low usage volume is not economically feasible and does not warrant production at its own facilities. Nevertheless, there is no contractual provision that imposes restriction on procurement of raw materials between both parties.

Regarding risks associated with procurement of raw materials and components, the Company can procure such materials from other firms in Japan instead of HI-LEX Corporation. However, this might entail prices and trade terms that differ from original terms and conditions. Moreover, the Company endeavored to source more raw materials and components from local manufacturers to reduce costs, particularly transportation cost and import tariffs.

Regarding risks arising from such agreements, it is anticipated that HI-LEX Corporation definitely renews the contract because it is a major shareholder in the Company and the Company already received an assurance in writing. Therefore, when the present agreements, each renewal will be effective for a period of five years (this is the contract renewal policy of HI-LEX Corporation which applies to all affiliated companies in its group). In addition, both companies have been joint venture partners and enjoyed a good partnership for more than three decades. The Company is therefore confident that HI-LEX Corporation will remain a shareholder and continue to support the Company for years to come.

Consequently, these risks are rather low.

- **Risks from foreign competition**

The Company may face risks arising from new competitors which are foreign companies relocating their parts production bases to Thailand under provisions of free trade agreements. Key attributes which enable proprietors to maintain their competitiveness include quality, production cost that fulfills customer requirements, on-time delivery and after-sales services which will boost customer confidence. In this regard, the Company formulated crucial marketing strategies, that is, focus on high-quality products in conjunction with implementation of an effective cost reduction program, on-time delivery and suitable, competitive product pricing. Moreover, the Company has customers which are leading manufacturers in Thailand, whose good business relationship has been maintained over the years; and with its own product testing facility, the Company could also reduce operational time and expenses.

Consequently, market entry risk of any foreign competitor which can compete at the same level is rather low due to high investment and lack of capability to run a fully integrated operation similar to the Company.

- **Risks from fluctuation of raw material prices**

In 2012, the Company purchased basic raw materials, including steel, metal wire, plastic pellets and rubber, valued more than 50% of the total value of raw materials and components purchased by the Company. The prices of these raw materials were affected from fluctuation of trading prices based on supply and demand situations of these basic raw materials in the world market, and such factors are beyond the control of the Company.

Nevertheless, if fluctuation of raw material prices is significant, the Company can adjust product prices that keep up with volatile raw material costs in accordance with terms of a parts buy-sell contract made between the Company and a particular customer. Typically, such contract allows the Company and its customer to review price adjustment on a periodic basis, such as every 6 months or whenever raw material price changes more than 3%. In such case, both parties would mutually agree with each price adjustment, and sometimes customers would also consent to retroactive price adjustment. Such price adjustment helps alleviate impacts from fluctuation of raw material prices. Furthermore, the Company prescribed a policy encouraging manufacturers to reduce production cost so that a decent cost management program could be initiated. Thus, once manufacturers became strong and managed to achieve a low management cost, they would be able to stabilize selling prices even though raw material prices have gone up.

- **Risks from foreign exchange rate fluctuation**

In 2012, the Company procured imported raw materials and components, accounting for around 42% of the total purchase value of all raw materials and components. Throughout the year, the total purchase value of raw materials and components made in foreign currencies was equivalent to approximately 474 million Baht. Thus, the Company faced risks from foreign exchange rate fluctuation if exchange rates have gone up.

However, the Company was granted a line of credit under a forward exchange contract from a financial institution. Such credit facility will help the Company reduce risks from foreign exchange rate fluctuation where necessary and appropriate.

- **Risks from reliance on major customers**

At present, the Company has eight key customers, six of which are major automobile manufacturers and two of which are major motorcycle manufacturers. Combined sales value to these major customers accounted for around 88% of the Company's revenue in 2012. Consequently, the Company might face income risk if any of these manufacturers curtailed production volume or stopped ordering products from the Company. Such events might adversely affect the Company's business operation, financial status and operating performance in the future.

Nonetheless, the Company has been a manufacturer of automobile and motorcycle control cables as well as window regulators for more than 33 years. Over the years, the Company has boosted its production efficiency up to a reputed level. The Company possesses production technology which earns widely respected quality and efficiency as well as has competitive production cost and its own product testing facility which effectively reduces operational time and improves turnaround time. Furthermore, the Company has maintained business relationship with major automobile and motorcycle manufacturers for a long time, and its major shareholder, HI-LEX Corporation, is a leading control cables manufacturer in Japan. Additionally, the Company is also affiliated with Summit Corporation which is a major automobile and motorcycle components manufacturer in Thailand with long experiences in this industry, and Summit Corporation is a manufacturer reputed for its reliable product quality. The product range offered by Summit Corporation covers almost every type of automobile and motorcycle components, such as body parts, seats, side door panels, and so forth. With such attributes, there is a small possibility that these automobile and motorcycle companies will place orders with our competitors instead.

The Company has a risk diversification policy and plans to increase export sale to other countries in order to reduce risks from reliance on major customers.

- **Risks from majority shareholder groups holding shares more than 50% and having management control in the Company, and the interest of majority shareholders may conflict with the interest of the Company and/or other shareholders**

At present, the Company has three major shareholder groups, that is, Jurangkool family, Pattanatmarueng family and Hi-Lex Corporation, which hold a combined share of around 79% of the Company's registered and paid-up capital. Consequently, they can control almost all resolutions passed at shareholders' meetings. As a result, other shareholders may be unable to gather sufficient votes to ensure checks and balances of any matter proposed by majority shareholders. In some cases, the interest of majority shareholders may conflict with the interest of the Company or other shareholders. Moreover, majority shareholders also have management control in the Company, holding 7 out of 11 director seats in the Board of Directors. Hence, there is a risk that majority shareholders may exercise absolute management control and manage the Company in a way that might conflict with the interest of the Company and/or minority shareholders, which may adversely affect the Company's business.

However, the Company has a total of four Independent Directors who do not have any interest in the Company. Consequently, they can dutifully examine the performance of company executives and sufficiently safeguard the interest of minority shareholders. The Company also commissions external auditors to jointly examine conducts of various departments in cooperation with the internal control department, which reports directly to the Audit Committee. Any recommendation of auditors will be used to improve the internal control system so that the internal control department can operate more efficiently.

Consequently, it is very unlikely that such risk will happen.

- **Risks from warranty claims**

The Company is responsible for the provision of product quality guarantee and must be accountable to its customers. In parts buy-sell contracts, it is stipulated that any damage arising from the Company's products must be compensated by the Company. In the event automobile and motorcycle manufactures demanded compensation for any damage incurred by a product in an amount equal to or exceeding the Company's sales revenue, and the court conclusively ruled that the Company must be financially liable for such damage, the Company's business might be adversely affected in the future. Moreover, the Company and automobile or motorcycle manufacturers must be jointly liable for any damage arising from defects of the Company's products.

Each year there are a number of customers filing warranty claims to the Company, but the amount of such claims is considered minimal compared to overall sales. Moreover, such claims are normal occurrences in the vehicle business and do not constitute a factor that influences customer's purchase decision. Over the past years, there has never been any significant repercussion on the Company's normal operation whatsoever, and the Company also recognizes the importance of product quality. Therefore, before delivering products to customers, the Company will inspect product quality thoroughly. Furthermore, total value of warranty claims is summed up every 6 months, so that the results would be used in further planning of quality inspection and product quality development programs. Therefore, the Company is confident that these measures will help reduce damage compensation risks

- **Risks from reliance on automobile and motorcycle industries**

Primarily, the Company's operation will change to directions that accommodate automobile and motorcycle industries. If these industries experienced a decline or a slowdown, the Company's business would be affected as well.

However, since the vehicle industry is presently regarded as a vital industry of the country and the government has a definite policy to promote Thailand as an auto production hub of Asia, it is thus less likely that the vehicle industry will slip into a downturn. Consequently, risks arising from the Company's reliance on automobile and motorcycle industries will be mitigated.

- **Risks from competition within automobile and motorcycle components manufacturing industries**

The Company could potentially lose market share to its competitors due to intense competition within automobile and motorcycle components manufacturing industries, both locally and abroad. Therefore, this may pose as a downside risk to the Company's business operation.

Since the production of automobile and motorcycle components requires highly efficient and precise manufacturing processes to ensure product quality that meets each customer's requirements. Additionally, before ordering components for each automobile or motorcycle model, automobile and motorcycle manufacturers will select components manufacturers before actual production. Then, the selected components manufacturer will receive product orders from automobile or motorcycle manufacturers throughout the production run of that particular model. Furthermore, changes in automobile or motorcycle models have no bearing on technological changes in the production of control cables or window regulators that much.

The Company has been a manufacturer of automobile and motorcycle control cables as well as window regulators for over 33 years and it is one of the country's largest manufacturers of these products. With widely acclaimed track records and long-standing reputation among automobile and motorcycle manufacturers, the Company thus enjoys a considerable advantage over local competitors in the production of automobile and motorcycle control cables and window regulators in Thailand. Therefore, the Company is confident that it will be able to compete effectively against other industry players.

Shareholding Structure and Management

• Major shareholders

The major shareholders of the Company as of October 2012 are presented as below.

No.	Name	Paid-up capital 259,800,000 Baht	
		Number of shares	% of shares held
1	The Jurangkool Group	106,416,800	40.96
2	HI-LEX Corporation	70,000,000	26.94
3	The Patanatmarueng Group	31,248,900	12.03
4	Thai NVDR Company Limited	13,027,900	5.01
5	Mr. Sagha Veeravathaganon	8,000,000	3.08
6	Mr. Chaitat Chaipipatsuke	6,500,000	2.50
7	Mr. Dumrong Kulthanapong	6,000,000	2.31
8	Ms. Waraporn Songpracha	2,105,400	0.81
9	Mr. Paisal Chartpitak	1,500,000	0.58
10	Other	14,101,000	5.78
	Total	259,800,000	100

Note : 1) The Jurangkool Group comprises 4 shareholders of the same family name and related individuals as follows :

- Mr. Sunsurin Jurangkool	holds	83,115,000 shares,	or 31.99% of paid up capital
- Mr. Thaveechat Jurangkool	holds	1,109,300 shares,	or 7.36% of paid up capital
- Mr. Kornkrit Jurangkool	holds	4,000,000 shares,	or 1.54% of paid up capital
- Mr. Apichart Jurangkool	holds	192,500 shares,	or 0.07% of paid up capital

2) The top 10 major shareholders of HI-LEX Corporation are :

1. Teraura Investment Co., Ltd.	19.83%
2. JP Morgan Chase Bank	4.74%
3. Teraura Scholarship Foundation	4.06%
4. Nippon Life Insurance Company	3.66%
5. State Street Bank and Trust Company	3.56%
6. Japan Trustee Services Bank, Ltd.	3.34%
7. BBH For Fidelity Low-Priced Stock Fund	3.13%
8. Melon Bank Treaty Clients Omnibus	2.89 %
9. Northern Trust Company	2.49%
10. Honda Motor Co., Ltd.	2.22%

(Data as of October 31, 2012)

3) The Patanatmarueng Group comprises 5 shareholders of the same family name and related individuals as follows :

- Mr. Choothong Patanatmarueng	holds	16,997,400 shares,	or 6.54% of paid up capital
- Mrs. Orasa Patanatmarueng	holds	12,000,000 shares,	or 4.62% of paid up capital
- Mr. Santi Patanatmarueng	holds	1,641,200 shares,	or 0.63% of paid up capital
- Mr. Sarit Patanatmarueng	holds	460,200 shares,	or 0.18% of paid up capital
- Ms. Sirina Patanatmarueng	holds	150,100 shares,	or 0.06% of paid up capital

Management

(1) Management structure

The Company's management structure comprises four committees, namely the Board of Directors, the Audit Committee, the Nomination Committee and the Remuneration Committee. The details of this structure are outlined as follows.

1. The Board of Directors

The Board of Directors as per the certification of the Ministry of Commerce dated October 10, 2012 shows that there are 11 Directors comprises of:

- Executive Directors 4 persons
- Non-Executive Directors 3 persons
- Independent Directors 4 persons

No.	Name of Directors	Designation
1	Mr. Sunsum Jurangkool	Chairman of the Board of Directors
2	Mr. Choothong Patanatmarueng	Vice Chairman
3	Mr. Sarit Patanatmarueng	Director
4	Mr. Makoto Teraura	Director
5	Mr. Thaveechat Jurangkool	Director
6	Mr. Kornkrit Jurangkool	Director
7	Mr. Katsuyoshi Ogaki	Director
8	Mr. Kavee Vasuvat	Independent Director
9	Mr. Apinan Na Ranong	Independent Director
10	Mr. Prinya Waiwatana	Independent Director
11	Mr. Chatchai Earsakul	Independent Director

Directors with signatory authority

Either one of Mr. Sunsum Jurangkool; Mr. Thaveechat Jurangkool; or Mr. Kornkrit Jurangkool signs with either Mr. Choothong Patanatmarueng; Mr. Sarit Patanatmarueng; or Mr. Katsuyoshi Ogaki and affix the Company seal. Otherwise, Mr. Choothong Patanatmarueng or Mr. Sarit Patanatmarueng signs with Mr. Katsuyoshi Ogaki and affix the Company seal.

Scope and authority of the Board of Directors

1. Comply with the laws, company objectives, and company regulations, including resolutions of Shareholder Meetings, with honesty, integrity and caution in protecting the Company's interests, as well as for the ultimate benefit of shareholders.
2. Consideration of qualified candidates who do not have prohibited characteristics as specified by the Public Company Act of B.E. 2535 (1992), securities and stock exchange laws, as well as the relevant announcements, regulations and/or rules in the event that a Directorial position becomes vacant for any other reason than completion of tenure.
3. Selection of candidates proposed by the Nomination Committee for the position of Independent Directors, based on a consideration of qualifications and no prohibited characteristics as specified by the Public Company Act of B.E. 2535 (1992), securities and stock exchange laws, as well as the relevant announcements, regulations and/or rules. Selected candidates are proposed at the Board of Directors' Meeting and/or Shareholder Meetings for appointment as Independent Directors of the Company accordingly.
4. Consideration of the appointment of the Audit Committee, in accordance with the qualifications as specified by the securities and stock exchange laws, as well as the relevant announcements, regulations and/or rules of the Stock Exchange of Thailand.
5. Appointment of management, from candidates proposed by the Nomination Committee, including the consideration of appointment of the Managing Director. Determination of the scope of authorities, duties and responsibilities of the Managing Director, as well as the delegation of authority to the Managing Director to conduct operations on behalf of the Company in relation to normal corporate business activities.

6. Review and authorization of the Company's management structure, as well as the nomination of the Executive Committee, selected from members of the Board of Directors. Determination of the scope, authorities and responsibilities of the Executive Committee.
7. The Board of Directors has the authority to consider the determination and amendment of Directors with signatory rights in entering into binding obligations on behalf of the Company.
8. Appoint or delegate authority to one or several Directors, or other individuals, to conduct any activity on behalf of the Board of Directors as deemed appropriate. This right may be revoked, changed or amended as required.
9. Authorization of the Company's dividend payment policies and policy guidelines for investment in subsidiaries, affiliates and connected companies.
10. Authorization of interim dividend payments to shareholders, if it is deemed the Company has sufficient profitability to do so, including informing shareholders of such at the following Shareholders' Meeting.
11. Authorization of other significant matters, such as corporate governance policies, related party transactions, connected transactions and the acquisition or divestiture of assets of a public listed company in accordance with the Announcements, Regulations or Codes relating to the Stock Exchange of Thailand.
12. Consideration of other matters required by law to be passed by the resolutions of Shareholder Meetings.

Qualifications of "Independent Director"

1. Shareholding must not exceed 0.5% of total voting shares of the Company, major shareholders, persons with controlling interest or juristic persons that may have conflict of interest. This also takes into account shareholding of person who is associated with independent director.
2. Currently not a board member or never worked as a board member, temporary staff, employee, consultant received regular salary or person with controlling interest, major shareholder, person with controlling interest or juristic person that may have conflict of interest, except such person has been relieved of such conditions not less than two years.
3. Must not be a person who is related through kinship or legitimate registration as a father, mother, spouse, sibling, and child as well as spouse of a child of management executive or major shareholder, person with controlling interest or person who will be nominated as an executive or person with controlling interest of the Company.
4. Must not have business relationship with the Company, major shareholders, person with controlling interest or juristic person that may have conflict of interest in a way that may impede his/her autonomous discretion. In addition, independent director must not be a major shareholder, board member or management executive who has business ties with the Company.
5. Must not be auditor of the Company, major shareholder, and person with controlling interest of the Company or juristic person that may have conflict of interest. In addition, independent director must not be a major shareholder, board member, management executive of an audit company which has auditor of the Company, major shareholder or person with controlling interest or juristic person that may have conflict of interest.
6. Must not be a person who provides any professional services, including legal counseling or financial consulting services, which receives annual service fee over two million baht from the Company, major shareholder, person with controlling interest or juristic person that may have conflict of interest.
7. Must not be a board member who is appointed to be a representative of board member of the Company, major shareholder, or shareholder who is associated with a major shareholder.
8. Must not have any other attributes that may prevent him/her from freely expressing opinions about the Company's operation.

The qualifications of “independent director” prescribed by the Company are more stringent than minimum qualifications of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand in respect of shareholding. The Company’s independent director shall not hold more than 0.5% of total voting shares. Among all four independent directors, one of them is an automobile industry expert and other three directors are competent management experts.

2. Audit Committee

The Meeting of the Board of Directors No. 5/2010 held on November 15, 2010 resolved to re-appoint the Audit Committee to resume their office for a term of 3 years each. Directors are independent and qualified as specified by the law pertaining to requirement of Stock Exchange Commission (SEC) and Stock Market of Thailand (SET) and all independent directors.

No.	Name of Directors	Designation
1	Mr. Kavee Vasuvat	Chairman of the Audit Committee
2	Mr. Apinan Na Ranong	Audit Committee
3	Mr. Prinya Waiwatana*	Audit Committee
4	Mr. Chatchai Earsakul	Audit Committee

Note: *Mr. Prinya Waiwatana is an audit committee member who is highly knowledgeable and experienced in accounting and financial matters.

Ms. Pensiri Petchgunphoom, Financial Advisor, serves as Secretary to the Audit Committee.

The Board of Directors Meeting No. 4/2009 held on November 12, 2009 passed a resolution to approve the Audit Committee’s charters which conform to the guideline set forth by the SEC Office and the Stock Exchange of Thailand which has been announced and effective since July 1, 2008. Under this guideline, qualifications of audit committee member are stipulated as follows:

Qualifications “Audit Committee Member”

1. Must not hold shares in the Company or connected companies and persons.
2. Must not participate in management and must not be temporary staff, employee, consultant paid with a salary, other consultant of the Company, subsidiaries, affiliates or connected companies.
3. Must not have any benefit or vested interest, directly or indirectly, in the Company, subsidiaries, affiliates or major shareholders of the Company.
4. Must not be a close relative or must not have any other relationship with one of the management executives or major shareholders of the Company, connected companies or uristic person that may have conflict of interest. In addition, audit committee member must not be appointed to act as a representative to protect vested interest of board members and major shareholders, which may entail lack of independence.
5. Must perform duties in expressing his/her opinion or reporting operating performance autonomously as designated by the Board of Directors.

Scope of duties and authority of the Audit Committee

The Audit Committee performs various duties designated by the Board of Directors in accordance with the Stock Exchange of Thailand’s Notification Re: Qualification and Scope of the Audit Committee’s Purview B.E. 2551 (2008) and relevant laws. Such duties include the followings:

1. Conduct review to ensure that the Company maintains accurate and adequate financial reporting.
2. Conduct review to ensure that the Company maintains decent and efficient internal control and internal audit systems; examine independence of the Internal Audit Department; and endorse appointment, transfer and employment termination of the head of the Internal Audit Department or other work units responsible for internal auditing.

3. Conduct review to ensure that the Company complies with the securities and exchange law, provisions of the Stock Exchange of Thailand and the laws relating to the Company's businesses.
4. Review, select and propose appointment of independent individuals to perform duties of the Company's auditor, and recommend remuneration of such individuals. The Audit Committee must hold meeting with accounting auditors without management presence at least once a year.
5. Review connected transactions or transactions which may pose conflict of interest to ensure compliance with the laws and provisions of the Stock Exchange of Thailand, thus assuring that such transactions are reasonable and undertaken for utmost benefits of the Company.
6. Prepare the Audit Committee's report published in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and contain information specified by the aforesaid notification.
7. Perform other duties designated by the Board of Directors as approved by the Audit Committee.
8. Examine various matters reported by the Company's auditors regarding suspicious behavior of company director, manager or any person responsible for the Company's operation and alleged to commit an offence in violation of the Securities and Exchange Act B.E. 2535 (1992) and the Securities and Exchange Act (4th Amendment Issue) B.E. 2551 (2008). Submit a preliminary investigation report to the Office of the Securities and Exchange Commission and internal auditors for acknowledgement within 30 days from the auditor's notification date.
9. While the Audit Committee is performing its duties, if it is found or suspicious that there are transactions or actions which might significantly affect the Company's financial standing and operating performance, it must report such incident to the Board of Directors for rectification within a time period deemed appropriate by the Audit Committee. Such transactions are, for example, transactions which may pose conflict of interest, corruption or irregularities or significant shortcoming in the internal control system and/or violation of the securities and exchange law or the laws relating to the Company's businesses. If the Board of Directors or company executives fail to rectify such incident within a time period deemed appropriate by the Audit Committee, any audit committee member may report alleged transaction or action to the Office of Securities and Exchange Commission or the Stock Exchange of Thailand.

3. Nomination Committee

The Meeting of the Board of Directors No. 5/2011 held on November 10, 2011 resolved to appoint the Nomination Committee to resume their office for another term of 3 year each. The Committee comprises 3 Directors as follows.

No.	Name of Directors	Designation
1	Mr. Thaveechat Jurangkool	Chairman of the Nomination Committee
2	Mr. Sarit Patanatmarueng	Nomination Committee
3	Mr. Kornkrit Jurangkool	Nomination Committee

Ms. Sirina Patanatmarueng, General Manager of Business Administration Division, serves as Secretary to the Nomination Committee.

Scope and authority of the Nomination Committee

Consideration and proposal of individuals with suitable qualifications for submission to the Board of Directors prior to appointment as Directors by the Shareholders' Meeting.

4. Remuneration Committee

The Meeting of the Board of Directors No. 5/2011 held on November 10, 2011 resolved to appoint the Remuneration Committee to resume their office for another term of 3 year each. The Committee comprises 3 Directors as follows.

No.	Name of Directors	Designation
1	Mr. Kavee Vasuvat	Chairman of the Remuneration Committee
2	Mr. Apinan Na Ranong	Remuneration Committee
3	Mr. Prinya Waiwatana	Remuneration Committee

Ms. Sirina Patanatmarueng, General Manager of Business Administration Division, serves as Secretary to the Remuneration Committee.

Scope and authority of the Remuneration Committee

Review of policies relating to remuneration and benefits for the Board of Directors, Audit Directors, Nomination Committee and Remuneration Committee for proposal to the Board of Directors and consideration by the Shareholders' Meetings of such policies.

Executives

As of October 31, 2012, the Company has 7 Executives as follows.

No.	Name of Executives	Designation
1	Mr. Sunsum Jurangkool	Chief Executive Officer
2	Mr. Choothong Patanatmarueng	Deputy Chief Executive Officer
3	Mr. Sarit Patanatmarueng	Managing Director, Acting General Manager, Business Operations Division, Acting General Manager, Procurement Division
4	Mr. Katsuyoshi Ogaki	Senior General Manager, Research & Development Division
6	Mr. Suthon Prempre	General Manager, Production Division
5	Mr. Sawat Sukaachin	General Manager, Quality Division
7	Ms. Sirina Patanatmarueng	General Manager, Business Administration Division

Scope and authority of the Managing Director

The Managing Director has the duty to perform tasks as assigned by the Board of Directors, with deference to the rules and regulations of the Company. However, such assignment must not allow the Managing Director to approve transactions that either himself or parties with a potential conflict of interest or benefit or any other conflicts with the Company and its subsidiaries. Approval for such transactions must be given by the Meeting of the Board of Directors and/or the Meeting of Shareholders (as may be the case) in line with the regulations of the Company or relevant laws. The exception is approval for items that constitute the normal business of the firm, with a clearly defined scope. The scope of authority for this designation may be summarized as follows.

1. Responsible for the general management of the Company, including for production, sales and other activities constituting the normal business.
2. Coordinate with the Internal Audit Department concerning accounting matters and disbursement-payment of money that does not meet the policies of the Company.
3. Act as a signatory on behalf of the Company with regard to recruitment and employment.
4. Consider budget in conjunction with the Board of Directors.
5. Review documents or contracts pertaining to the normal business operations of the Company; provide recommendations and suggestions in such matters.
6. Conduct any other activity as assigned by the Board of Directors' resolutions.

Company secretary

The Board of Directors has appointed Mrs. Kasita Pitaksongkram as company secretary whose purview is stipulated in the Securities and Exchange Act B.E. 2535, 4th Amendment Issue B.E. 2551 (2008). Primarily, company secretary is responsible for organizing board meeting and shareholders' meeting, ensuring that resolutions are implemented, keeping abreast of relevant rules and regulations and advising the Board of Directors of such rules and regulations, preparing and keeping the directors' register, board meeting notification letter, minutes of board meeting and annual report, shareholders' meeting notification letter and minutes of shareholders' meeting, as well as declaration of interest report which is reported by directors or executives and other matters stipulated by the Capital Market Regulatory Commission.

(2) Nomination of Directors and Executives

The nomination of Directors of the Board, the Managing Director, and other Committee members are selected and screened by the Nomination Committee, prior to proposal to the Board of Directors and/or the Shareholders' Meeting. The process defers to Company policies and takes into account candidates' qualifications, knowledge, skills and their ability to allocate sufficient time for employment with the Company.

In accordance with Company regulations, the Board of Directors must comprise at least 5 members, but not exceed 12. At least half Directors are required to be residents of Thailand. The Directors may or not be Shareholders in the Company.

The Shareholders' Meeting selects and appoints Directors in accordance with the guidelines and methods as follows

- Each Shareholder has a vote equivalent to one vote per share.
- Each Shareholder may use all his votes to appoint one or more individuals as Directors, but may not divide his votes with any other persons.
- Candidate receiving the most votes in successively descending order will be appointed as Directors according to the number of Directors required, or to be voted for, on that particular occasion. In the event that there is a tie between candidates in the next tier, which would exceed the number of Directors required, the Chairman of the Meeting will cast the deciding vote.
- At every Annual Meeting of Ordinary Shareholders, a number of one in three (1/3) of the total number of Directors at that time will vacate their offices. If the number may not be divisible by three, the number of Directors to vacate their posts will be the figure closest to the value of one in three (1/3). Directors who vacate their offices may be re-elected to assume their seats. Directors who are obliged to vacate their offices in the first or second year following the Company registration will be decided by a ballot. In successive years, the longest-serving Directors will vacate their offices.
- The Shareholders' Meeting may pass a resolution to remove a Director from office before completion of the Director's term with a vote of not less than three in four (3/4) of the number of shareholders in attendance with voting rights and a collective number of votes of at least one half of the shares held by Shareholders in attendance and with voting rights.

(3) Remuneration of Directors and Executives in 2012

The Board of Directors deliberated to prescribe fair and reasonable director's remuneration commensurate with his or her responsibility and in line with financial health of the Company and comparable with SET listed companies which are in the same industry and have a similar business size. Therefore, the Company requested for approval of director's remuneration from the shareholders' meeting within a budget of 5,500,000 (five million five hundred thousand) baht as detailed below:

- Meeting allowance (for each meeting attended) is the same as the 2011 rate.
 - Chairman of the Board of Directors 35,000 baht
 - Directors and committee members 25,000 baht

- A bonus is paid to directors at a rate of 1.50% of total dividend payout based on the 2011 operating results.

Executive remuneration

- The remuneration of the Chief Operating Officer in 2012 will not exceed 10% of rate in the previous year.
- Remuneration of other executives is subject to discretion of the Chief Operating Officer.

1. Remuneration **Monetary compensation**

Details of remuneration of each director in 2012** are as follows:

Name	Remuneration Committee in cash (Baht)					
	Board of Directors (Baht)	Audit Committee (Baht)	Remuneration Committee (Baht)	Nomination Committee (Baht)	Bonus (Baht)	Total net (Baht)
1. Mr. Sunsurin Jurangkool	140,000	-	-	-	283,418	423,418
2. Mr. Choothong Patanatmarueng	125,000	-	-	-	283,418	408,418
3. Mr. Sarit Patanatmarueng	125,000	-	-	25,000	283,418	433,418
4. Mr. Makoto Teraura	-	-	-	-	283,418	283,418
5. Mr. Thaveechat Jurangkool	125,000	-	-	25,000	283,418	433,418
6. Mr. Kornkrit Jurangkool	125,000	-	-	25,000	283,418	433,418
7. Mr. Katsuyoshi Ogaki	125,000	-	-	-	283,418	408,418
8. Mr. Kavee Vasuvat	125,000	75,000	50,000	-	283,418	533,418
9. Mr. Apinan Na Ranong	100,000	50,000	50,000	-	283,418	483,418
10. Mr. Prinya Waiwatana	125,000	75,000	50,000	-	283,418	533,418
11. Mr. Chatchai Earsakul	125,000	75,000	-	-	283,418	483,418
Total	1,240,000	275,000	150,000	75,000	3,117,598	4,857,598

** Cumulative data over a period of nine months (January – September 2012) due to revision of accounting period

Total amount of remuneration packages paid to senior management of the Company:

Remuneration	2011 Amount (MB baht)	2012** Amount (MB baht)
Salaries, bonus etc.	77.53 (8 executives)	62.87 (7 executives)

** Cumulative data over a period of nine months (January – September 2012) due to revision of accounting period

2. Other remuneration

- none -

(4) Overseeing Use of Inside Information

The Company formulates a policy to control the use of inside information which is vitally important and affects share price as set out in the Stock Exchange of Thailand's guideline. Such guideline prevents directors, executives and employees who learn about inside information from using such information for their own and others' personal gains. Therefore, the Company prescribes a written code of conflict of interest that describes various practices, ranging from use of inside information, trading of company shares, execution of related party and connected transactions. To this end, the Company regularly communicates to employees this policy for acknowledgement. Therefore, the Board of Directors, management and employees are obligated to strictly observe this policy. If violation of this policy is found, such incident must be reported to one's superior or the Human Resources Management Department or the Audit Committee, where appropriate.

(5) Dividend payment policy

The Company has a dividend policy that pays dividend at a rate of no less than 25% of net profit after deductions of all types of reserve stated in regulations and legal provisions; provided that there is no ground of other necessity and dividend payment will not have significant effects on the Company's normal operations. It is required that proposed dividend payment be approved by shareholders' meeting, and dividends must be paid within one month after the shareholders' meeting date or board meeting date, where dividend resolution was passed, as the case may be. Moreover, shareholders must be notified about dividend payment via a notification letter or a public notice placed in newspapers.

Directors' Background

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
1. Mr. Sunsum Jurangkool	71	Secondary School	83,115,000 Share (31.99%)	Father of Mr. Thaveechat Jurangkool and Mr. Kornkrit Jurangkool	1978 - Present	Chairman, Chief Executive Officer, Authorized Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					1991 - Present	Chairman, Director, Authorized Director	Summit Corporation Co., Ltd.	Investment and shareholding in various business	
					1972 - Present	Chairman, Director, Authorized Director	Summit Auto Seats Industry Co., Ltd.	Manufacture of automobile and motorcycle seat	
					1986 - Present	Chairman, Director, Authorized Director	Summit Auto Body Industry Co., Ltd.	Manufacture of automobile body parts, mold and die	
					1991 - Present	Chairman, Director, Authorized Director	Summit Laemchabang Auto Body Work Co., Ltd.	Produce body parts and exhaust system equipment	
					1991 - Present	Chairman, Authorized Director	Summit Laemchabang Auto Seats Manufacturing Co., Ltd.	Manufacture of automobile seat frame and adjusting devices	
					1991 - Present	Chairman, Authorized Director	Auto Advance Material Manufacturing Co., Ltd.	Manufacture dry mat, sound insulation, plastic sheet, synthetic fiber sheet, for automobile and motorcycle use	
					1995 - Present	Chairman, Authorized Director	Eastern P.U. Foam Industry Co., Ltd.	Manufacture automobile seat foam	
					1996 - Present	Chairman, Authorized Director	Summit Auto Tech Industry Co., Ltd.	Manufacture of exhaust muffler system	
					1997 - Present	Chairman, Director, Authorized Director	Summit Engineering Center Co., Ltd.	Design & manufacture of various kinds of die and mold	
					1998 - Present	Chairman, Director, Authorized Director	Modern Products Industry Co., Ltd.	Manufacture of wood printing and coating of auto parts	
					2002 - Present	Chairman, Authorized Director	Auto Interior Products Co., Ltd.	Manufacture, import, export of automobile floor carpet and headrest	
					1974 - Present	Chairman, Authorized Director	Thai Auto Industry Co., Ltd.	Manufacture and sell pressed parts for automobile and motorcycle	
					1982 - Present	Chairman, Authorized Director	Complete Auto Parts Co., Ltd.	Manufacturer of component parts for brake cable, clutch and accelerator cable	
					1987 - Present	Chairman, Authorized Director	Summit Electronic Components Co., Ltd.	Produce electronic parts	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
					1988 - Present	Vice Chairman	Bangkok Eagle Wings Co., Ltd.	Press Part	
					1988 - Present	Chairman, Director, Authorized Director	Summit Steering Wheel Co., Ltd.	Manufacture and distribute steering wheel and transmission	
					1990 - Present	Chairman, Director, Authorized Director	Summit Advanced Material Co., Ltd.	Import of steel sheet/coil, coil center	
					1993 - Present	Chairman, Authorized Director	Summit Showa Manufacturing Co., Ltd.	Produce choke absorbers	
					1994 - Present	Chairman, Authorized Director	SNC Sound Proof Co., Ltd.	Manufacture and export of raw material for making of automobile sound proof part	
					1994 - Present	Chairman, Authorized Director	Thai Seat Belt Co., Ltd.	Manufacture and distribute of seat belts and seat belts cable	
					1995 - Present	Chairman, Authorized Director	STB Textiles Industry Co., Ltd.	Manufacture of fabric for automobile use	
					1995 - Present	Chairman, Authorized Director	Complete Auto Rubber Manufacturing Co., Ltd.	Manufacture rubber parts for automotive and electronic industry and other	
					1996 - Present	Chairman, Authorized Director	Summit Chugoku Seira Co., Ltd.	Manufacture welding nuts for automotive industry	
					1996 - Present	Chairman, Director, Authorized Director	Summit Kurata Manufacturing Co., Ltd.	Produce steering columns	
					1997 - Present	Chairman, Authorized Director	Summit Ansei Auto Parts Co., Ltd.	Produce car door lock and hood lock	
					1998 - Present	Director, Authorized Director	Summit Industry (Thailand) Co., Ltd.	Business rental	
					1999 - Present	Director , Authorized Director	Johnson Controls & Summit Interiors Co., Ltd.	Manufacture of automobile seat and interior parts	
					2002 - Present	Director	HSH Co., Ltd.	Investment and shareholding in various business	
					- 2002Present	Chairman, Authorized Director	Summit Windmill Golf Club Co., Ltd.	Golf club service	
					2003 - Present	Director	Hayama Intertrade Co., Ltd.	Sale floor carpet	
					2003 - Present	Vice Chairman, Authorized Director	Marubishi Summit Industry Vietnam Co., Ltd.	Manufacture automobile parts	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
					2004 - Present	Director	JRK Auto Parts PVT. Ltd.	Produce automotive electronic parts	
					2004 - Present	Chairman, Authorized Director	Summit Haiya (Thailand) Co., Ltd.	Produce and maintain machine and production equipment	
					2004 - Present	Chairman, Authorized Director	Summit Otsuka Manufacturing Co., Ltd.	Produce car parking hand-break	
					2005 - Present	Chairman, Authorized Director	Summit Rieter Nittoku Sound ProofCo., Ltd.	Manufacture and export of automobile soundproof parts	
					2006 - Present	Chairman, Authorized Director	Summit Fujikiko Kurata Manufacturing Co., Ltd.	Produce steering columns	
					2006 - Present	Chairman, Authorized Director	Top Flight Electronic & Automotive Co., Ltd.	Produce automotive electronic parts	
					2007 – Present	Chairman, Authorized Director	Summit Ongreen media Co., Ltd.	Produce printing	
					2007 - Present	Chairman, Authorized Director	Summit Green Valley ChiangmaiGolf Club Co., Ltd.	Golf club service	
					2007 - Present	Chairman, Authorized Director	Casma Racing Co., Ltd.	Produce automotive electronic parts	
					2008 - Present	Chairman, Authorized Director	Summit R&D Center Co., Ltd.	Product quality and capacity testing service	
					2008 - Present	Director	Hiruta Asteer Summit Co., Ltd.	Produce automotive parts	
					2008 - Present	Chairman, Authorized Director	Summit Auto Body Skill Development Center Co., Ltd.	Training service	
					2009 – Present	Chairman, Authorized Director	Central Motor Wheel (Thailand) Co., Ltd.	Produce medium wheel	
					2009 – Present	Director	Steel Alliance Service Center Co., Ltd.	Coil steel	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
2. Mr. Choothong Patanatmarueng	69	M.A., Political Science, Ramkhamhaeng University <u>Training</u> : IOD - Director Accreditation Program (DAP 35/2005)	16,997,400 Share (6.54%)	Father of Mr. Sarit Patanatmarueng and Ms. Sirina Patanatmarueng	1978 - Present	Vice Chairman, Deputy Chief Executive Officer, Authorized Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					1982 - Present	President, Authorized Director	Complete Auto Parts Co., Ltd.	Manufacturer of component parts for brake cable, clutch, and accelerator cable	
					1995 - Present	President, Authorized Director	Complete Auto Rubber Manufacturing Co., Ltd.	Manufacture rubber parts for automotive and electronic industry and other	
					1996 - Present	President, Authorized Director	Summit Chugoku Seira Co., Ltd.	Manufacture welding nuts for automotive industry	
					1988 - Present	Executive Director, Authorized Director	Summit Steering Wheel Co., Ltd.	Manufacture and distribute steering wheel and transmission	
					2004 - Present	President, Authorized Director	Amata Summit Ready Built Co., Ltd.	Factory Lease/Rental Service	
3. Mr. Sarit Patanatmarueng	38	M.A., Business Administration, New Hampshire College, USA <u>Training</u> : IOD - Director Certification Program (DCP 42/2004)	460,200 Share (0.18%)	Son of Mr. Choothong Patanatmarueng	2010 – Present	Director, Authorized Director	P. Tooling Co., Ltd.	Manufacturer of mold and related equipment.	None
					2004 – Present	Director, Managing Director, Nomination Committee, Authorized Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					2004 – Present	Director, Authorized Director	Complete Auto Parts Co., Ltd.	Manufacturer of component parts for brake cable, clutch, and accelerator cable	
					2004 – Present	Director, Authorized Director	Complete Auto Rubber Manufacturing Co., Ltd.	Manufacture rubber parts for automotive and electronic industry and other	
					1996 – Present	Director, Authorized Director	Summit Chugoku Seira Co., Ltd.	Manufacture welding nuts for automotive industry	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
4. Mr. Makoto Teraura	75	Mechanical Engineering, Faculty of Technology, Shizuoka University, Japan	None	None	1981 - Present	Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					1995 - Present	Director	Chongqing HI-LEX Cable System Group Co., Ltd.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					2003 - Present	Director	Dae Dong HI-LEX Inc. (Korea)	Manufacturer of car window regulator and door module	
					1980 - Present	Director	Dae Dong System Co., Ltd.	Manufacturer of control cable for automobile	
					2002 - Present	Director	Guangzhou TSK Control Cable Co., Ltd.	Manufacturer of car component	
					2000 - Present	Director	HI-LEX Cable System Co., Ltd.	Manufacturer of control cable for automobile and car window regulator	
					1989 - Present	Director	HI-LEX Controls Inc.	Manufacturer of car window regulator and rear slider	
					1975 - Present	Chairman	HI-LEX Corporation	Manufacturer of control cable for automobile/motorcycle	
					1999 - Present	Director	HI-LEX India Private Ltd.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					1999 - Present	Director	HI-LEX Vietnam Co., Ltd.	Manufacturer of control cable for motorcycle	
					1985 - Present	Director	Izushi Cable, Inc.	Manufacturer of control cable for automobile	
					1973 - Present	Director	HI-LEX KANTO, Inc.	Manufacturer of control cable for automobile	
					1981 - Present	Director	HI-LEX Saitama, Inc.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					1989 - Present	Director	HI-LEX Shimane, Inc.	Manufacturer of control cable for automobile and car window regulator	
					1978 - Present	Audit Committee	PT. HI-LEX Indonesia	Manufacturer of control cable for automobile/motorcycle and car window regulator	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
					1989 - Present	Audit Committee	PT. HI-LEX Parts Indonesia	Manufacturer of car component	
					1973 - Present	Director	Tajima TSK, Inc.	Manufacturer of car component	
					1972 - Present	Director	TSK (Korea) Co., Ltd.	Manufacturer of control cable for automobile/motorcycle	
					2002 - Present	Director	Yantai TSK Cable System Co., Ltd.	Manufacturer of control cable for automobile and car window regulator	
					1992 - Present	Director	HI-LEX America Inc.	Manufacturer of control cable for automobile/motorcycle	
					2008 - Present	Director	Daedong HI-LEX of America Inc. LLC.	Manufacturer of car window regulator and door module	
					1993 - Present	Director	HI-LEX Mexicana, S.A DE.C.V	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					2000 - Present	Director	HI-LEX Cable System Co., Ltd. (Europe)	Manufacturer of control cable for automobile and car window regulator	
					2006 - Present	Director	HI-LEX Hungary Cable System Manufacturing LLC.	Manufacturer of control cable for automobile	
					2007 - Present	Director	Guangdong HI-LEX Cable System Co., Ltd.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					2007 - Present	Director	Changchun HI-LEX Auto Cable Co., Ltd.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
5. Mr. ThaveechatJurangkool	41	MBA., Finance, Webster University Training: IOD - Director Accreditation Program (DAP 89/2011)	19,109,300 Shares (7.36%)	Son of Mr.SunurnJurangkool	2003 - Present	Director, Chairman of the Nomination, Authorized Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					1993 - Present	Director, Authorized Director	Summit Auto Body Industry Co., Ltd.	Manufacture of automobile body parts, mold and die	
					1994 - Present	Director, Authorized Director	SNC Sound Proof Co., Ltd.	Manufacture and export of raw material for making of automobile sound proof part	
					1995 - Present	Director, Authorized Director	Complete Auto Rubber Manufacturing Co., Ltd.	Manufacture rubber parts for automotive and electronic industry and other	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
					1995 - Present	Director, Authorized Director	Eastern P.U. Foam Industry Co., Ltd.	Manufacture automobile seat foam	
					1996 - Present	Director, Authorized Director	Summit Auto Tech Industry Co., Ltd.	Manufacture of exhaust muffler system	
					1996 - Present	Director, Authorized Director	Summit Chugoku Seira Co., Ltd.	Manufacture welding nuts for automotive industry	
					1998 - Present	Director, Authorized Director	Modern Products Industry Co., Ltd.	Manufacture of wood printing and coating of auto parts	
					1998 - Present	Director	Summit Industry (Thailand) Co., Ltd.	Business Rental	
					2002 - Present	Director, Authorized Director	Summit Corporation Co., Ltd.	Investment and shareholding in various business	
					2002 - Present	Director, Authorized Director	Summit Auto Seats Industry Co., Ltd.	Manufacture of automobile and motorcycle seat	
					2002 - Present	Director, Authorized Director	Summit Laemchabang Auto Seats Manufacturing Co., Ltd.	Manufacture of automobile seat frame and adjusting devices	
					2002 - Present	Director, Authorized Director	Summit Laemchabang Auto Body Work Co., Ltd.	Produce body parts and exhaust system equipment	
					2002 - Present	Director, Authorized Director	Summit Advanced Material Co., Ltd.	Import of steel sheet/coil, coil center	
					2002 - Present	Director, Authorized Director	Summit Engineering Center Co., Ltd.	Design & manufacture of various kinds of die and mold	
					2002 - Present	Director, Authorized Director	Auto Interior Products Co., Ltd.	Manufacture, import, export of automobile floor carpet and headrest	
					2002 - Present	Director, Authorized Director	Auto Advance Material Manufacturing Co., Ltd.	Manufacture dry mat, sound insulation, plastic sheet, synthetic fiber sheet, for automobile and motorcycle use	
					2002 - Present	Director, Authorized Director	Summit Windmill Golf Club Co., Ltd.	Golf club service	
					2002 - Present	Director	Thai Seat Belt Co., Ltd.	Manufacture and distribute of seat belts and seat belts cable	
					2002 - Present	Director, Authorized Director	STB Textiles Industry Co., Ltd.	Manufacture of fabric for automobile use	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
					2002 - Present	Director, Authorized Director	Summit Steering Wheel Co., Ltd.	Manufacture and distribute steering wheel and transmission	
					2003 - Present	Director	Marubishi Summit Industry Vietnam Co., Ltd.	Manufacture automobile parts	
					2003 - Present	Director, Authorized Director	Complete Auto Parts Co., Ltd.	Manufacturer of component parts for brake cable, clutch, and accelerator cable	
					2004 - Present	Director, Authorized Director	Summit Otsuka Manufacturing Co., Ltd.	Produce car parking hand-break	
					2004 - Present	Director, Authorized Director	Summit Haiya (Thailand) Co., Ltd.	Produce and maintain machine and production equipment	
					2004 - Present	Director	JRK Auto Parts PVT. Ltd.	Produce automotive electronic parts	
					2006 - Present	Director, Authorized Director	Top Flight Electronic &Automotive Co., Ltd.	Produce automotive electronic parts	
					2006 - Present	Director, Authorized Director	Summit Fujikiko Kurata Manufacturing Co., Ltd.	Produce steering columns	
					2007 - Present	Director, Authorized Director	Summit On Green Media Co., Ltd.	Printing service	
					2007 - Present	Director, Authorized Director	Summit Green Valley Chiangmai Golf Club Co., Ltd.	Golf club service	
					2007 - Present	Director, Authorized Director	Casma Racing Co., Ltd.	Produce automotive electronic parts	
					2007 - Present	Director, Authorized Director	J-Max Monopoly Corporation Co., Ltd.	Purchase sell, and rent real estate property	
					2007 - Present	Director, Authorized Director	J-Max Property Asset Co., Ltd.	Produce, purchase, and rent of machine supply and spare parts	
					2008 - Present	Director, Authorized Director	Summit Auto Body Skill Development Center Co., Ltd.	Training service	
					2008 - Present	Director, Authorized Director	Summit R&D Center Co., Ltd.	Product quality and capacity testing service	
					2009 – Present	Director	Steel Alliance Service Center Co., Ltd.	Coil steel	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
6. Mr. Kornkrit Jurangkool	35	M.A., Technology Management Program, American Inter Continental University, Los Angeles, USA Training : IOD - Director Accreditation Program (DAP 77/2009)	4,000,000 Shares (1.54%)	Son of Mr. Sunsum Jurangkool	2009 - Present	Director, Nomination Committee, Authorized Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					2009 - Present	Director, Managing Director Authorized Director	Summit Corporation Co., Ltd.	Investment and shareholding in various business	
					2009 - Present	Managing Director, Authorized Director	Summit Auto Body Industry Co., Ltd.	Manufacture of automobile body parts, mold and die	
					2009 - Present	Director, Authorized Director	Summit Auto Seats Industry Co., Ltd.	Manufacture of automobile and motorcycle seat	
					2009 - Present	Director, Managing Director Authorized Director	Summit Laemchabang Auto Body Work Co., Ltd.	Produce body parts and exhaust system equipment	
					2009 - Present	Director, Authorized Director	Summit Laemchabang Auto Seats Manufacturing Co., Ltd.	Manufacture of automobile seat frame and adjusting devices	
					2009 - Present	Director, Authorized Director	Auto Advance Material Manufacturing Co., Ltd.	Manufacture dry mat, sound insulation, plastic sheet, synthetic fiber sheet, for automobile and motorcycle use	
					2009 - Present	Director, Authorized Director	Eastern P.U. Foam Industry Co., Ltd.	Manufacture automobile seat foam	
					2009 - Present	Director, Authorized Director	Summit Engineering Center Co., Ltd.	Design & manufacture of various kinds of die and mold	
					2009 - Present	Director, Authorized Director	Modern Products Industry Co., Ltd.	Manufacture of wood printing and coating of auto parts	
					1996 - Present	Director, Authorized Director	Summit Auto Tech Industry Co., Ltd.	Manufacture of exhaust muffler system	
					2009 - Present	Director, Authorized Director	Auto Interior Products Co., Ltd.	Manufacture, import, export of automobile floor carpet and headrest	
					- 2009Present	Director, Authorized Director	Summit Windmill Golf Club Co., Ltd.	Golf club service	
					2009 - Present	Director	Bangkok Eagle Wings Co., Ltd.	Press Part	
					2009 - Present	Director, Authorized Director	Complete Auto Rubber Manufacturing Co., Ltd.	Manufacture rubber parts for automotive and electronic industry	
					2009 - Present	Director, Authorized Director	Summit Steering Wheel Co., Ltd.	Manufacture and distribute steering wheel and transmission	
					2008 - Present	Director, Authorized Director	Summit Advanced Material Co., Ltd.	Import of steel sheet/coil, coil center	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
					2008 - Present	Director, Authorized Director	Summit Auto Body Skill Development Center Co., Ltd.	Training service	
					2008 - Present	Director, Authorized Director	Summit R&D Center Co., Ltd.	Product quality and capacity testing service	
					2007 - Present	Director, Authorized Director	Summit On Green Media Co., Ltd.	Printing service	
					2007 - Present	Director, Authorized Director	Summit Green Valley Chiangmai Golf Club Co., Ltd.	Golf club service	
					2007 - Present	Director, Authorized Director	Casma Racing Co., Ltd.	Produce automotive electronic parts	
					2007 - Present	Director	Thai Seat Belt Co., Ltd.	Manufacture and distribute of seat belts and seat belts cable	
					2006 - Present	Director, Authorized Director	Summit Ansei Auto Parts Co., Ltd.	Produce car door lock and hood lock	
					2006 - Present	Director, Authorized Director	Summit Fujikiko Kurata Manufacturing Co., Ltd.	Produce steering columns	
					2005 - Present	Director, Authorized Director	Thai Auto Industry Co., Ltd.	Manufacture and sell pressed parts for automobile and motorcycle	
					2005 - Present	Director, Authorized Director	Summit Kurata Manufacturing Co., Ltd.	Produce steering columns	
					2004 - Present	Director, Authorized Director	Summit Otsuka Manufacturing Co., Ltd.	Produce car parking hand-break	
					2004 - Present	Director, Authorized Director	Summit Haiya (Thailand) Co., Ltd.	Produce and maintain machine and production equipment	
					2009 - Present	Director	Hiruta Asteer Summit Co., Ltd.	Produce automotive parts	
					2009 - Present	Director	Steel Alliance service center Co., Ltd.	Coil steel	
7. Mr. Katsuyoshi Ogaki	62	Machine and Technology Course, Higashiyodo Technical High School, Japan Training : IOD - Director Accreditation Program(DAP 74/2008)	None	None	2008 - Present	Director, Senior General Manager (R&D Division), Authorized Director	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car Window regulator	None
					2006 - 2007	President,	Guangzhou TSK Control Cable Co., Ltd.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					2005 - 2006	Vice Chairman	Chongqing HI-LEX Cable System Group Co., Ltd.	Manufacturer of control cable for automobile/motorcycle and car window regulator	
					2001 - 2005	Team Leader of Quality Assurance Group	HI-LEX Corporation	Manufacturer of control cable for automobile/motorcycle	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
8. Mr. Kavee Vasuvat	78	B.A., Engineering Electric Power, Royal Melbourne Institute of Technology (RMIT), Australia <u>Training</u> : IOD - Director Accreditation Program (DAP 23/2004) - Director Certification Program (DCP 58/2008) - Audit Committee Program (ACP10/2005) - Finance for Non-Finance Director (FND18/2005) -Monitoring the System of Internal Control and Risk Management (MIR 2/2008) - Role of the Compensation Committee (RCC6/2008)	None	None	2005 - Present	Independent Director, Chairman of the Audit Committee, Chairman of the Remuneration Committee	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					Present	Honorable Chairman	Automotive Industry Club, Federation Thai Industries		
					Present	Advisor	Society of Automotive Engineers - Thailand		
					2000 - Present	Independent Director, Audit Committee	Thai Rung Union Car PCL.	Parts manufacturer, modify and assemble motor vehicles	
9. Mr. Apinan Na Ranong	63	B.A., Business Administration, Chiang Mai University <u>Training</u> : IOD - Director Accreditation Program (DAP 35/2005) - Audit Committee Program (ACP 9/2005) -Monitoring the System of Internal Control and Risk Management (MIR 2/2008)	None	None	2005 – Present	Independent Director, Audit Committee Member Remuneration Committee	Thai Steel Cable PCL.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					1998 – Present	Director, President	Terrene Intertrade Co., Ltd.	Catering Business	
					2008 – Present	Independent Director	Apex Development PCL.	Organizer of real estate development project	

First name - Last name	Age	Education	Shareholding (%) (As of October 31, 2012)	Relationship	Work Experiences			Business	Record of Offense
					Time	Position	Company		
10. Mr. Prinya Waiwatana	66	B.A., Accounting, Chulalongkorn University Training : IOD - Director Accreditation Program (DAP3 5/2005) - Audit Committee Program (ACP 9/2005) - Director Certification Program (DCP2/2006) - Monitoring the System of Internal Control and Risk Management (MIR 2/2008) - Role of the Compensation Committee (RCC2010/10)	None	None	2005 – Present	Independent Director, Audit Committee Member, Remuneration Committee	Thai Steel Cable Pcl.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					2010 – Present	Independent Director Chairman of Nomination and Remuneration Committee Investment Director	AIRA Capital Co., Ltd.	Holding Company	
					2010 – Present	Independent Director CG Director	Samart Corporation Pcl.	Technology / Communication	
					2006 – Present	Partner and Manager	P & Associate	Accounting and taxation consulting service	
11. Mr. Chatchai Earsakul	57	M.A., Economics of Planning & Policy, Northeastern University Training: IOD - Director Accreditation Program (DAP 84/2010)	None	None	- 2010Present	Independent Director, Audit Committee Member	Thai Steel Cable Pcl.	Manufacturer of control cable for automobile/motorcycle and car window regulator	None
					2003 - 2007	Advisor	Pacific Group Co.,Ltd.	Property development	

Corporate Governance

The Company performs administration in accordance with good governance guideline by recognizing the importance of and accountability to shareholders and stakeholders of the Company with full commitment and cooperation from all concerned parties, including the Board of Directors, management and every employee. Such efforts positively contributed to the results of corporate governance assessment conducted by various organizations and agencies.

- Based on the Thai Investors Association's assessment of the quality of the annual general meeting of shareholders in 2012, the Company received "excellent and commendable example" rating and it was one of 74 companies that obtained a perfect 100-point score. This year a total of 450 companies participated in the project.

Corporate Governance Principles

The Board of Directors is committed to achieving business goals by emphasizing the importance of good corporate governance in order to build transparency and gain confidence among shareholders, investors and concerned parties. Therefore, the Board formulates the corporate governance policy which contains four sections as follows:

Section 1: Shareholders' rights

1. The Board stipulates a written corporate governance policy and disseminates relevant information relating to shareholders' rights to directors, executives and employees.
2. The Board ensures that the Company provides advance notice of the date and time, venue, meeting agenda as well as all relevant information regarding matters to be resolved at shareholders' meeting in a timely manner well ahead of the meeting date. Moreover, the Company also informs shareholders of meeting rules and publishes such information in the company website www.thaisteelcable.com (under the heading "Investor Information") before the documents are sent out, thus allowing shareholders to study relevant information at least 14 days before receiving the document from the Company.
3. Shareholders can also study relevant information about the Company in both Thai and English in the SET community portal. Aside from that, they can also download various information from the company website, such as financial data, general company information and meeting-related information.
4. The Board facilitates shareholders' exercise of their rights in respect of participation in shareholders' meeting and vote casting by
 - Choosing a meeting date which does not fall on a public holiday or an extra holiday which falls on weekend, avoiding setting a meeting time which is too early in the morning or too late in the evening, and being mindful of ease of travel.
 - Using the cut-off date when the Company closes shareholder register book so that shareholders can have more time to study meeting document before attending the meeting.
 - Deploying reception staff to assist and advise shareholders and open registration desk two hours before the start of the meeting.

The Company does not have a policy to deprive shareholders of their rights by avoiding handing out supplemental documents with crucial information which is added abruptly and adding agenda item or changing vital information that differs from the information previously sent to shareholders. In case of shareholders arriving late at the meeting, the Company does not restrict their right to attend the meeting by allowing them to cast votes for agenda items being considered and not yet voted. Moreover, video and audio recordings of proceedings of the meeting will be made and uploaded to the company website along with the minutes of meeting so that they can be examined and referred as evidence.

5. The meeting chair allocates adequate time for participation and encourages shareholders to speak out and ask questions about the Company at the meeting. In addition, shareholders may be allowed to send in questions before the meeting date. Basically, shareholders are given opportunities to express opinions and ask questions. Then, the meeting chair will have a list of key questions and answers prepared and allocate sufficient meeting time so that the Board and committees can fully explain and provide relevant information to shareholders. Shareholders are given opportunities to send questions or important information in advance after the meeting notification date to the email address compliance@thaisteelcable.com or via fax no. (038) 185 030 or to the company address.
6. As company directors and committee members are present at shareholders' meeting, shareholders can directly pose questions to chairs of relevant committees.

Section 2: Equal treatment of shareholders

1. The Board encourages shareholders who may not conveniently attend meetings to exercise their voting rights by themselves. Basically, three proxies may be authorized to attend a meeting and cast votes but only one can attend the meeting. Moreover, shareholders may also assign any of two independent directors, including audit committee member and remuneration committee member, as a proxy.
2. The Board arranges use of ballots for vote casting in every agenda item in order to ensure that vote counting process can be executed expeditiously. Only ballots marked 'no' or 'abstain' will be kept. In the director's appointment agenda item, vote casting is arranged for election of each individual director. To conform to best practices for the administration of shareholders' meeting, all ballots cast by every attending shareholder and proxy will be kept at the end of each meeting to ensure transparency and auditability in case any objection arises. The Company discloses personal information of candidate running for a director post in the letter of invitation to shareholders' meeting, including name, photograph, age, educational background, training credential in director courses, work experience and ratio of share ownership in the company for shareholders' perusal before making decision.
3. In board meeting or shareholders' meeting, if directors or shareholders have personal interests linking with any agenda item, they must disclose information on their own and related parties' interests for the meeting's acknowledgement and do not have the right to vote in this agenda item. This provision enables the meeting to review the Company's transactions which may pose conflict of interest and make decisions in the overall interest of the Company.
4. Shareholding executive must not unnecessarily add a shareholders' meeting agenda item without advance notice, especially a crucial matter whereby shareholders need time to study relevant information before making decision.
5. The Board recognizes the importance of safekeeping and protection of inside information, thereby stipulating a written guideline aimed at preventing use of inside information for personal gain. (Details in 8.5 Overseeing Use of Inside Information)
6. The Board requires that directors and executives obligated to dutifully report share ownership according to statutory requirements must submit a copy of such report to the Board of Directors whenever any change in share ownership occurs. In addition, the Company also stipulates a code of conduct that requires abstention/suspension of trading of company shares for a period one month before public disclosure of such information takes place. Furthermore, the Board ensures that all directors and executives are informed of the Office of Securities and Exchange Commission (SEC)'s notification pertaining to Section 59 of the Securities and Exchange Act B.E. 2535 (1992), which requires submission of a report of their share ownership as well as those of their spouses and underage children to SEC within 30 days from the date of appointment to a director post and an executive post. Whenever any change in share ownership occurs, a report must be submitted within three business days and

its copy must be sent to the company secretary as evidence. In the past, the Company never had incidence whereby its director or executive unduly used inside information for their own or others' personal gain.

Section 3: Stakeholders' roles

1. The Board of Directors classifies the Company's stakeholders as follows:

1. Shareholder

The Company is committed to business operation which yields good operating results, stable growth, and competitiveness by taking into account of present and future risk factors in order to increase shareholder value over a long term. The Company must dutifully operate its business by disclosing information in transparent and equitable manners and endeavor to protect its assets and preserve its reputation.

2. Employee

The Company recognizes that employees and management staff as driving forces for its future growth. Therefore, the Company treats all employees equitably and offers suitable remuneration for them. Aside from that, the Company also provides various welfares to employees such as company bus, uniform, annual physical check-up, nursing room, accident insurance, health insurance, provident fund, and so forth. Moreover, the Company also encourages employees to expand their knowledge and capacities by ensuring that employees are trained and receive supplemental knowledge relevant to their assigned tasks. Moreover, the Company also selects employees to participate in formulation of the organization's targets with top management so that employees will recognize that their own values are cherished by the Company, contributing to alignment of operational directions and organizational goals.

3. Community and society

The Company is utterly concerned with quality of life and environment in surrounding communities so that the Company's operation will be accepted and can thrive in the society sustainably. It can be observed that the Company strictly complies with laws and regulations of relevant authorities such as the Department of Industrial Works, Ministry of Industry, Pollution Control Department, and so on. In this regard, the Company imposes stringent regulations requiring that employees working in the plant must wear protective gears such as safety helmet, glove, ear plug, and dust mask. Moreover, the Company also deals with environmental management in systematic manners and organizes public donations on an ongoing basis.

4. Customer

The Company is committed to improve efficiency of service delivery to achieve highest customer satisfaction and operates under a policy that always protects customer's interests. In this regard, the Company has an aim and always trains every employee to recognize the values of and cherish the integrity principle pertinent to pricing and service quality as well as honesty in disposition of agreement and negotiation.

5. Creditor

The Company strictly abides by contractual terms, duly performs its duties, and is accountable and transparent to its creditors.

6. Competitor

The Company operates within a fair competition framework, follows competition guidelines, and does not adopt deceitful practices to destroy competitors.

7. Business partners

The Company prescribed code of ethics, code of conduct and conflict of interest, whereby it will not demand from, receive or pay any trade-related benefit from or to business partners and will maintain confidentiality to ensure that business relation with business

partners will be suitable, efficient and fair in accordance with corporate governance principles.

2. The Board of Directors formulates a communication policy applicable to independent directors. Under the heading “Investor Information” of the company website www.thaisteelcable.com, contacts can be made to provide information or complain about offences or breaches of the code of conducts, inaccurate financial reporting or shortcoming in the internal control system. Consequently, stakeholders can look after and safeguard the Company’s interest more efficiently. All complaints can be lodged with independent directors or the Chairman of the Audit Committee. The Company will keep information provided by informants confidential so that this information can be examined through a process created by the Company and reported to the Board of Directors.
3. The Company formulates an environmental policy as an assurance to concerned parties that its business operations take environmental factors into consideration so as to achieve sustainable development.

Section 4: Disclosure of information and transparency

1. The Company publishes information according to the prescribed guideline through the Stock Exchange of Thailand’s channel, including annual disclosure form (Form 56-1) and annual report. In addition, the Board of Directors also directs disclosure of information in Thai and English via other channel, that is, the company website www.thaisteelcable.com under the heading “Investor Information”, which shows regularly updated information. Aside from that, the Company also set up the Compliance and Investor Relations Division which dutifully discloses accurate, complete, transparent and comprehensive information, including financial statements and general company information. Besides, it is responsible for communication with external parties, such as shareholders, institutional investors, retail investors, analysts and concerned authorities, on fair and equitable basis. Investors can request additional company information from
Compliance and Investor Relation Division
Tel: (038) 447 200 – 21 ext. 626,412
Fax: (038) 185 030
E-mail: compliance@thaisteelcable.com
Website: <http://www.thaisteelcable.com>
2. The Board arranges publication of a report on its financial reporting stewardship which is prepared along with the auditor’s report, which is published in the annual report. In the financial stewardship report, there are contents concerning endorsement of practices which are consistent with the accounting principles and financial reporting that contains accurate, complete and factual information in conformity with accounting standards. This report is signed by Chairman of the Board and Managing Director.
3. The Board requires disclosure of roles and duties of the Board of Directors and various committees (details in 8.1 Management Structure), number of board meetings, and attendance record of each director in 2012** which are summarized below:

Name of Directors	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee
1. Mr. Sunsurin Jurangkool	4/5	-	-	-
2. Mr. Choothong Patanatmarueng	5/5	-	-	-
3. Mr. Sarit Patanatmarueng	5/5	-	1/1	-
4. Mr. Makoto Teraura	0/5*	-	-	-
5. Mr. Thaveechat Jurangkool	5/5	-	1/1	-
6. Mr. Kornkrit Jurangkool	5/5	-	1/1	-
7. Mr. Katsuyoshi Ogaki	5/5	-	-	-
8. Mr. Kavee Vasuvat	5/5	3/3	-	2/2
9. Mr. Apinan Na Ranong	4/5	2/3	-	2/2
10. Mr. Prinya Waiwatana	5/5	3/3	-	2/2
11. Mr. Chatchai Earsakul	5/5	3/3	-	-

* Each director assigns a management proxy to keep track of work results and attend every shareholder's meeting.

** Cumulative data over a period of 9 months (January - September 2012) due to the revision of accounting period

4. The Board formulates a policy and prescribes clear criteria on directors' remuneration and proposes remuneration for shareholders' approval every year. In principle, remunerations must be transparent and examinable and must be at a suitable level which is high enough to attract and retain quality directors as desired (details in 8.3 Remuneration of Directors and Executives).

Section 5: Responsibilities of the Board of Directors

1. Structure of the Board of Directors

- 1.1 At least one-third of board members comprise independent directors and at least three independent directors must be appointed.
- 1.2 The Board clearly stipulates director's term of office according to the company regulation. At each annual general meeting of shareholders, one-third of directors must vacate office. If the number of directors is not exactly divisible by three, the number nearest to one-third must resign from office. Each director serves approximately three years.
- 1.3 The Board stipulates qualifications of independent directors (details in 8.1 Management Structure) to ensure that independent directors are truly autonomous and suitable with distinctive aspects of the Company.
- 1.4 The Board carefully evaluates work efficiency of directors who serve many companies and stipulates that director's tenure in different companies must be disclosed to shareholders (details in Annex 1 Detailed Information about Directors, Executives and Parties with Controlling Interest)
- 1.5 The Board clearly stipulates duties and authority of managing director (details in 8.1 Management Structure).
- 1.6 The Company appoints a company secretary to provide consultation on legal matters and rules and regulations of which the Board must be aware and to perform stewardship duties of the Board's affairs as well as to coordinate with various parties to ensure implementation of the Board's resolutions. (Details in 8.1 Management Structure)

2. Committees

The Board of Directors forms three committees, including Audit Committee, Nomination Committee and Remuneration Committee to foster good corporate governance. (See detailed scope of duties and authority in 8.1 Management Structure)

3. Roles, Duties and Responsibilities of the Board of Directors

- 3.1 The Board reviews and approves various matters which are critical to company operations, such as vision and mission, strategies, financial targets, risks, business plan, operational plan and budget. In addition, it also supervises the management to ensure that the management implements policies and plans efficiently and effectively in order to

maximize benefits for the organization, stakeholders and shareholders. Moreover, the Board seeks to create effective internal control system, internal audit system and risk management measures and regularly monitors implementation of these systems at board meetings. To ensure that employees understand operational strategies and implementation approaches and achieve set goals, the Company develops a performance evaluation system which consists of two parts, including (1) key performance indicators and (2) competency.

- 3.2 The Board advised that the Company should have a written corporate governance policy and approved such policy. To ensure transparency and build confidence among stakeholders and the entire society, this policy and its compliance are subject to regular review at least once a year. At the Board of Directors' Meeting No. 6/2555 held on 27 November 2012, the Board reviewed the corporate governance policy which consists of three sections, i.e. Code of Business Ethics, Code of Conduct and Code of Conflict of Interest. (The original policy was approved by the Board of Directors' Meeting No. 1/2548 on April 2, 2005.)
- 3.3 The Board scrutinizes conflict of interest issues and execution of transactions which may be regarded as conflict of interest. In addition, the Company also implements explicit measures that prevent directors, executives and employees from using inside information unscrupulously for their own and others' personal gains. (Details in 8.1 Management Structure) Furthermore, the Board advises that directors and executives must prepare the declaration of interest report, according requirements of the concerned authority, that comprises own interests and their associates' interests and submit an initial report and a regular report, whenever there is any change of interest, within 15 days. The contents of this report are crucial for monitoring and ensuring the integrity of directors and executives while discharging their duties. To this end, the company secretary is required to send copies of the reports to the Chairman of the Board and the Chairman of the Audit Committee for acknowledgement.
- 3.4 The Board establishes and maintains the internal control system and regularly scrutinizes its efficiency. Such system encompasses financial and operational control and management supervision to ensure compliance with relevant laws and regulations, safeguard of assets and risk management. The Company commissions Dharmniti Auditing Co., Ltd. to audit performance of operating units and ensure that their operations conform with stipulated guidelines set out in the approved annual audit plan and designates the internal audit department to follow up results of required improvements and directly send audit reports to the Audit Committee.

4. Board Meetings

- 4.1 The Company schedules annual board meetings in advance and notifies each director of this schedule so that they can arrange their time for attendance.
- 4.2 The Board determines the number of board meetings by discerning appropriateness in conjunction with duties and responsibilities of directors and the Company's business operations.
- 4.3 The Chairman of the Board and Managing Director jointly review and determine agenda items tabled for board meetings to ensure that important matters are included in an agenda. Each director can freely propose matters listed on an agenda.
- 4.4 Deliver meeting documents to directors beforehand. These documents should be concise as much as possible, but all relevant information should be provided. In case of matters which do not have written support documents, they should be raised and discussed at a board meeting.
- 4.5 The Chairman of the Board allocates adequate time for management presentation and thorough discussion about crucial issues by directors, encourages exercise of careful discretion and urges directors to be attentive to all issues brought up and corporate governance issues.
- 4.6 If required, the Board can obtain additional information from Managing Director or company secretary or other designated executives within the scope of relevant policies.

5. Development of directors and executives

- 5.1 The Board fosters and facilitates training and knowledge dissemination among concerned parties in the corporate governance system, such as directors, audit committee members, executives and company secretary, in order to pursue continual improvement of the operations. Such training includes in-house programs and programs conducted by training institutes.
- 5.2 The management publishes a directors' manual which was approved by the Board of Directors' Meeting No. 6/2555 held on 27 November 2012. The manual is handed out whenever new directors come on board, so that they can optimally perform their duties as a director of listed company.

Connected Transactions

(1) Connected transactions with parties having potential conflict of interest in the past year

During the year, the Company had connected transactions with associated companies, wherein the purchase/sale price of products and services to such associated businesses was calculated at comparable prices adopted with outsiders. Furthermore, the various trading conditions for the transactions constituted normal business practice. These transactions with associated companies are disclosed in Item 25 of the Notes to the Financial Statements for year ended September 30, 2012.

(2) Necessity and rationale of connected transactions

The Audit Committee reviewed connected transactions stated in 10.1 and determined that buy-sell transactions of products and services as well as asset purchase between related parties were normal transactions of the Company executed reasonably and necessarily in the normal course of business. Such transactions were engaged with the best interests of the Company and shareholders in mind. Thus, the conditions of connected transactions were consistent with common trade terms and the prices were set under competition mechanism or deemed reasonable. Moreover, such trade terms did not differ from the transactions between the Company and external parties.

(3) Measure or procedure for approval of connected transactions

The Company stipulates a procedure for approval of connected transactions. Importantly, connected transaction must be engaged on the basis of necessity and reason, and practices must be similar to transactions between the Company and external parties. In case of connected transaction between the Company or a party which may have conflict of interest or personal interest or conflict of interest in the future, the Audit Committee will give opinions about necessity of such transaction and suitability of the price deal in this transaction by scrutinizing the conditions to ensure that trade terms are consistent with regular transactions in the normal course of business in the industry and by comparing the price deal with prices quoted by external parties or market prices. Furthermore, in case of significant connected transactions the Company requires approval from the Audit Committee and the Board of Directors as well as shareholders' meeting, as the case may be. If the Audit Committee does not have experience in scrutinizing potential connected transaction, the Company will seek an independent expert who can give opinions about such connected transaction which will be scrutinized by the Board of Directors, Audit Committee or shareholders, as the case may be. In this instance, a director who has personal interest in such transaction does not have voting right. In practice, connected transactions are disclosed under the notes to financial statements or subject to oversight of company auditors.

(4) Policy governing or trend of connected transactions

In the future, the Company may need to engage in connected transactions. In this case, it will ensure that such engagement complies with the securities and exchange law; rules, notifications, orders or provisions of the Stock Exchange of Thailand; and accounting standards concerning disclosure of information about related party or business prescribed by the Federation of Accounting Professions, as well as provisions on disclosure of information on connected transactions and related acquisition and disposal.

In case of routine connected transactions, such as engagement to produce pieces of contents, purchase of products and raw materials and product sale, which are continuing transactions in the future, the Company laid out practical guideline and approach to ensure that such transactions conform with general trade terms by referring to fair, suitable and reasonable prices and trade terms. Moreover, such transactions can be examined based on the criteria of routine transactions. To this end, the Audit Committee requires that connected transactions may be examined by internal audit experts to determine whether they comply with the regulations of the Company and the Stock Exchange of Thailand.

If connected transactions do not meet the aforesaid criteria of routine transactions, the Company, however, will adhere to the securities and exchange law; rules, orders or provisions of the Stock Exchange of Thailand; as well as provisions concerning disclosure of information about connected transactions and related acquisition and disposal of company assets. Moreover, the Company discloses connected transactions under the notes to financial statements already audited by company auditors. In case of connected transactions between related parties with personal interest at stake or parties which may have conflict of interest in the future, the Company advises the Audit Committee to give opinions about appropriateness of such transactions. If the Audit Committee does not have expertise in examining certain connected transactions, the Company will seek knowledgeable and competent individuals, such independent asset valuator, who can give opinions about connected transactions. Therefore, opinions of the Audit Committee and competent individuals will be scrutinized for deliberation by the Board of Directors or shareholders, as the case may be, to ascertain that such transactions do not constitute transfer or shift of interests between the Company and its shareholders but are executed by the Company with the best interest of every shareholder in mind.

Report of the Board of Director's Responsibility to the Financial Reports

The Board of Directors is responsible for the financial statements of Thai Steel Cable Public Company Limited and the financial information contained in the Annual Report. The said financial statements were prepared in accordance with generally accepted accounting standards in Thailand, wherein appropriate accounting policies were adopted for consistent use. Furthermore, prudent judgment was exercised in their preparation. Adequate disclosure of information is also provided in the Notes to the Financial Statements.

The Board of Directors of the Company has implemented an effective system of internal controls, in order to ensure that the recording of accounting transactions is accurate and complete. The Company's financial statements have been audited by United Auditing PKF Limited. During such audit, the Board of Directors has provided various supporting information and documentation, to allow the auditors to review and express their opinions in accordance with accounting standards. The opinions of the auditors are presented in the Auditors' Report section of the Annual Report.

Moreover, the Company has established the Audit Committee, comprising Directors who are not Executives, officers or employees of the Company. They are responsible for overseeing the quality of the financial reports, internal control systems, as well as the opinions of the Audit Committee in this regard. These opinions are presented in the Audit Committee's Report.

The Board of Directors of the Company is of the opinion that overall, the Company's internal control systems are of a satisfactory level, and are able to engender reasonable confidence in the credibility of the Company's annual financial statements for the year ended September 30, 2012. The Company has complied with generally accepted accounting principles and also complied with the relevant Laws and regulations.



(Sarit Patanatmarueng)
Managing Director



(Sunsum Jurangkool)
Chairman of the Board of Directors

Report of the Audit Committee

The Audit Committee of Thai Steel Cable Public Company Limited is appointed by the Board of Directors. There are four committee members whose qualifications fully comply with the audit committee charter and conform with the provision of the Office of the Securities and Exchange Commission. The names of committee members and the attendance record of the Audit Committee in 2012 are listed as follows:

No.	Name of Audit Committee member	Designation	Attendance (Number of times)
1	Mr. Kavee Vasuvat	Chairman of the Audit Committee	3/3
2	Mr. Apinan Na Ranong	Audit committee member	3/2
3	Mr. Prinya Waiwatana	Audit committee member	3/3
4	Mr. Chatchai Earsakul	Audit committee member	3/3

The Audit Committee performs its duties under the scope of duties and responsibilities designated by the Board of Directors, which conforms with the Stock Exchange of Thailand's notification.

In 2012 (9-month period from 1 January – 30 September 2012 because the Company changed to a new accounting period; from 1 October 2012 onwards, 12- month accounting period will begin from 1 October until 30 September each year), the Audit Committee convened three times and sometimes its meeting was attended by the management. Essentially, the performance of the Audit Committee is summarized as follows:

1. Reviewed quarterly and annual financial statements to ensure that financial statements were prepared correctly and reliably. Generally, the Audit Committee agreed with auditors that the essences of these financial statements are accurate according to accounting standards, accounting principles and generally accepted accounting practices. The Audit Committee held quarterly meetings with auditors without management involvement.
2. Reviewed and ensured the Company has suitable, sufficient and efficient internal control and internal audit systems by engaging internal audit experts to jointly conduct company audits. The internal control department also performed internal audits according to the annual audit plan, which covers critical work systems. The annual audit plan was reviewed and approved by the Audit Committee. Moreover, the internal audit department was also assigned to monitor results and make improvements and resolve deficiencies mentioned in the audit report. It is discerned that the Company has a sufficient internal control system which is suitable with distinctive business aspects, and no significant deficiency or weakness of the internal control system was identified. The assets were attended with decent stewardship and full information disclosure was observed. In addition, the Company's internal audits were performed independently, sufficiently and effectively.
 - a. Furthermore, the Audit Committee reviewed the internal audit system by scrutinizing the internal audit department's mission, scope of operation, duties and responsibilities, head count and autonomy. The internal audit department was required to submit audit reports and management-related reports to the Audit Committee and Managing Director respectively. It was discerned that the Company's internal audits were performed independently, sufficiently and effectively.
3. Reviewed risk management in which the Company implemented risk management activities relating to operational risk, whereby operating units identified pertinent risks and assessed various risks stemming from internal and external factors, and managed such risks. In addition, the Audit Committee also monitored progress of each operating unit to ensure that set targets could be achieved. If there were incidents which adversely affected abilities to achieve the organization's objectives, they could manage risks within an

acceptable level in time. The Audit Committee discerned that the Company has a suitable, sufficient and effective risk management system.

4. Reviewed and ensured that the Company complied with the securities and exchange law, provisions of the Stock Exchange of Thailand or the laws relating to the Company's business operations. It was discerned that no significant deficiency in respect to compliance with relevant laws and provisions was identified.
5. Reviewed and expressed opinions about connected transactions or transactions which might pose conflict of interest as well as compliance with the code of business ethics and the code of conducts of directors, executives and employees. It was discerned that no transaction that might pose conflict of interest was identified. Moreover, the Company fully disclosed accurate information about these transactions and properly adhered to the code of business ethics and the code of conducts.
6. Considered and selected accounting auditors and determined audit fee which were proposed to the Board of Directors and later presented to the shareholders' meeting for approval. The Audit Committee evaluated auditors' performance over the past year as well as their knowledge, competency and autonomy, and proposed to the Board of Directors, which will request the shareholders' meeting to approve appointment of Ms. Janyaporn Techamontrikul and/or Ms. Pranee Polngam of United Auditing PKF Limited as auditors for the year 2013 (accounting period: 1 October 2012 – 30 September 2013). The total audit fee is 580,000 Baht.

In conclusion, the Audit Committee fully performed its duties according to the provisions in the audit committee charter, which was approved by the Board of Directors. It is discerned that the Company maintained accurate and complete reporting of financial data and its operations and managed suitable and effective internal control and internal audit systems as well as risk management. In addition, the Company also complied with the laws, provisions and obligations, properly handled connected transactions, and its operation was conducted in conformity with the corporate governance system sufficiently, transparently and reliably. Finally, the Audit Committee also examined auditors' independence for approval of the proposed appointment and audit fee.



(Kavee Vasuvat)
Chairman of the Audit Committee

Explanation and Analysis of Financial Status and Operating Performance

Operating performance

In 2012, the Company's total assets, liabilities, and shareholders' equity amounted to 2,427 868 and 1,559 million Baht respectively. Comparing the operating performance in 2012 with the same period in 2011, total revenue amounted to 2,381 and 2,296 million Baht respectively, a increase of 85 million Baht or up 4% and net profit totaled 154 and 200 million Baht respectively, yielding net profit margin of 6% and 9% respectively. Details are as follows:

● Revenue

In 2012, total revenue amounted to 2,381 million Baht, a increase of 85 million Baht or up by 4%. While domestic sales increase 165 million Baht, export sales decrease 63 million Baht and other income dropped 17 million Baht. Details are as follows:

- Revenue from automobile control cable sales totaled 1,516 million Baht, a increase of 182 million Baht or up 14%.
- Revenue from motorcycle control cable sales totaled 447 million Baht, a decrease of 85 million Baht or down 16%.
- Revenue from window regulator sales totaled 339 million Baht, a increase of 35 million Baht or up 12%.
- Other income amounted to 26 million Baht, a decrease of 17 million Baht. This decline was primarily attributed to lower sale of assets and product samples.

● Cost of goods sold and selling and administrative expenses per total revenue

- In 2012 and 2011, the cost of goods totaled 1,951 and 1,778 million Baht respectively, and the cost of goods to total revenue ratio was equal to 82% and 77% respectively.
- In 2012 and 2011, selling and administrative expenses totaled 266 and 303 million Baht, and the selling and administrative expenses to total revenue ratio was equal to 11% and 13% respectively. An decrease of 2% was attributed to employee-related expenses.

● Financial status

Assets

As of September 30, 2012, the Company's total assets amounted to 2,427 million Baht, a increase of 471 million Baht or up 24%. Details are as follows:

- Current assets totaled 1,257 million Baht, a increase of 254 million Baht or up 25%. This decrease was attributed to dwindling cash and bank deposit and accounts receivable which increase 72 and 425 million Baht respectively, whereby in 2012 the Company's poorer operating performance resulted in increased collection of accounts receivable compared to 2011. Moreover, while accounts receivable increased, inventory decreased.
- Non-current assets totaled 1,170 million Baht, an increase of 218 million Baht or up 23%. This is mainly due to purchase of fixed assets.

Liabilities

In 2012, total liabilities amounted to 868 million Baht, a increase of 447 million Baht or up 106%. 768 million of current liabilities increase 398 million Baht, this increase was attributed to long-term loans and accounts payable which increase 109 and 249 million Baht respectively, and accrued expenses increased.

Shareholders' equity

In 2012, total shareholders' equity amounted to 1,559 million Baht, a increase of 24 million Baht or up 2%. This is because in 2012 the Company generated a net profit of 154 million Baht and dividend payout amounted to 130 million Baht.

The book value per share in 2012 stood at 6.00 Baht per share, an increase of 0.09 Baht per share (in 2011, it was 5.91 Baht per share). The debt to equity (D/E ratio) in 2012 and 2011 was 0.56 and 0.27 times respectively. This is due to the fact that total liabilities and shareholders' equity increase by 106% and 2% respectively.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF THAI STEEL CABLE PUBLIC COMPANY LIMITED

We have audited the financial statements of Thai Steel Cable Public Company Limited which comprise the statements of financial position as at September 30, 2012, the related statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period from January 1, 2012 to September 30, 2012, and notes including summary of significant accounting policies and other explanation.

Management's responsibility to the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai standards on auditing. Those standards require that we have to comply with ethical requirements, including plan and perform the audit to obtain reasonable assurance 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 company's preparation and presentation of 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 company internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Steel Cable Public Company Limited as at September 30, 2012, and the financial performance and cash flows for the period from January 1, 2012 to September 30, 2012, in conformity with Thai Financial Reporting Standards.

The emphasis paragraph

As discussed in Notes 34 to the financial statements, the Company has changed accounting periods from ended December 31, to ended September 30, has been approved from the ordinary shareholders' meeting held on April 27, 2012, which started from January 1, 2012 and ended September 30, 2012.



Dr. Junyaporn Techamontrikul
Certified Public Accountant No. 6720
United Auditing PKF Limited

Bangkok.
November 26, 2012.

THAI STEEL CABLE PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION

('Baht)

		As at September 30, 2012	As at December 31, 2011
ASSETS			
Current assets	Note		
Cash and cash equivalents	6	140,999,571.93	98,155,297.20
Temporary investment	7	97,286.38	112,782,385.19
Accounts and other receivables	8	663,248,011.20	238,549,463.08
Inventories	9	415,162,391.61	513,977,380.46
Other current assets		37,823,925.77	40,012,893.28
Total current assets		<u>1,257,331,186.89</u>	<u>1,003,477,419.21</u>
Non-current assets			
Long - term investments	25.1	25,704,000.00	25,704,000.00
Investment property - net	10	138,002,815.43	139,897,816.54
Property, plant and equipment - net	11	977,129,696.51	764,518,785.71
Intangible assets - net	12	28,103,660.24	21,518,298.92
Other non - current assets		1,019,041.59	739,241.59
Total non - current assets		<u>1,169,959,213.77</u>	<u>952,378,142.76</u>
Total assets		<u>2,427,290,400.66</u>	<u>1,955,855,561.97</u>

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

THAI STEEL CABLE PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION (Continued)

('Baht)

		As at September 30, 2012	As at December 31, 2011
LIABILITIES AND EQUITY			
Current liabilities	Note		
Overdrafts from financial institution	13	-	745,181.60
Accounts and other payables	14	556,790,703.36	296,115,820.03
Asset payables		39,717,978.66	18,231,271.56
Hire-purchase payable due within 1 year	15	6,386,231.10	3,757,639.17
Long - term loan due within 1 year	16	56,250,000.00	-
Accrued expenses		101,945,413.12	29,666,593.29
Other current liabilities		6,667,333.66	21,510,111.97
Total current liabilities		<u>767,757,659.90</u>	<u>370,026,617.62</u>
Non - current liabilities			
Hire - purchase payable	15	8,495,690.78	5,869,932.93
Long - term loan	16	52,250,000.00	-
Post - employment benefits obligation	17	21,032,134.16	21,762,036.16
Provisions of liabilities	18	18,572,258.10	15,131,977.14
Other non - current liabilities		98,456.07	8,252,091.69
Total non current liabilities		<u>100,448,539.11</u>	<u>51,016,037.92</u>
Total liabilities		<u>868,206,199.01</u>	<u>421,042,655.54</u>
Equity			
Share capital	19		
Authorized share capital			
268,500,000 ordinary shares of Baht 1.00 each		<u>268,500,000.00</u>	<u>268,500,000.00</u>
Issued & paid-up share capital			
259,800,000 ordinary shares of Baht 1.00 each		259,800,000.00	259,800,000.00
Premium on share capital		464,870,184.55	464,870,184.55
Retained earnings			
Appropriated			
Legal reserve	20	26,850,000.00	26,850,000.00
Unappropriated		807,564,017.10	783,292,721.88
Total equity		<u>1,559,084,201.65</u>	<u>1,534,812,906.43</u>
Total liabilities and equity		<u>2,427,290,400.66</u>	<u>1,955,855,561.97</u>

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

THAI STEEL CABLE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

		('Baht)	
		FOR THE PERIOD FROM	FOR THE YEARS
		JANUARY 1, 2012 TO	ENDED DECEMBER 31,
		SEPTEMBER 30,	
		2012	2011
Revenues	Note		
Revenues from sales		2,354,725,048.75	2,252,614,063.75
Other incomes		<u>25,982,805.64</u>	<u>43,415,364.20</u>
Total revenues	29	<u>2,380,707,854.39</u>	<u>2,296,029,427.95</u>
Expenses	22		
Cost of goods sold		1,951,381,982.69	1,777,817,477.82
Selling expenses		65,950,075.16	53,246,799.01
Administrative expenses		154,844,705.49	190,159,070.18
Directors and managements' remuneration	24	<u>44,744,082.75</u>	<u>59,441,598.00</u>
Total expenses		<u>2,216,920,846.09</u>	<u>2,080,664,945.01</u>
Profit before finance costs and income tax		163,787,008.30	215,364,482.94
Finance costs		<u>(1,008,401.67)</u>	<u>(1,369,329.99)</u>
Profit before income tax		162,778,606.63	213,995,152.95
Income tax	23	<u>(8,607,311.41)</u>	<u>(13,806,280.50)</u>
Profit for the periods		154,171,295.22	200,188,872.45
Other comprehensive income - net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income for the periods		<u>154,171,295.22</u>	<u>200,188,872.45</u>
Earnings per share			
Basic earnings per share		<u>0.59</u>	<u>0.77</u>
Weighted average number of ordinary shares (shares)		259,800,000	259,800,000

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

THAI STEEL CABLE PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012 AND
FOR THE YEAR ENDED DECEMBER 31, 2011

					('Baht)
	Issued and paid-up share capital	Premium on share capital	Retained earnings Appropriated legal reserve	Unappropriated	Total equity
	Note				
Beginning balances as at January 1, 2011		259,800,000.00	464,870,184.55	26,850,000.00	790,943,849.43
Total comprehensive income for the periods		-	-	-	200,188,872.45
Dividend	21	-	-	-	(207,840,000.00)
Ending balances as at December 31, 2011		259,800,000.00	464,870,184.55	26,850,000.00	783,292,721.88
Beginning balances as at January 1, 2012		259,800,000.00	464,870,184.55	26,850,000.00	783,292,721.88
Total comprehensive income for the periods		-	-	-	154,171,295.22
Dividend	21	-	-	-	(129,900,000.00)
Ending balances as at September 30, 2012		259,800,000.00	464,870,184.55	26,850,000.00	807,564,017.10

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

THAI STEEL CABLE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS

('Baht)

	FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012	FOR THE YEARS ENDED DECEMBER 31, 2011
Cash flows from operating activities		
Profit before income tax	162,778,606.63	213,995,152.95
Item to reconcile net profit to net cash flows from operating activities		
Depreciation of assets	69,463,580.01	77,001,396.48
Depreciation of investment property	1,895,001.11	7,914,454.54
Amortization intangible asset	5,216,384.68	5,694,415.24
(Gain) loss from sale assets	(1,744,802.62)	(33,836.08)
Loss from write off fixed assets	317,204.14	18,779.75
Post-employment benefits obligation	1,418,703.00	2,437,777.00
Provision of liabilities	5,347,330.47	4,477,184.63
Unrealized (gain) loss on exchange rate	(762,114.84)	44,297.92
Interest income	(173,360.79)	(5,426,001.51)
Interest expenses	1,008,401.67	1,369,329.99
	<u>244,764,933.46</u>	<u>307,492,950.91</u>
(Increase) decrease in accounts and other receivables	(424,973,155.92)	223,319,310.43
(Increase) decrease in inventories	98,814,988.85	(226,521,037.73)
(Increase) decrease in other current assets	1,737,775.35	(14,447,915.90)
(Increase) decrease in other non-current assets	(279,800.00)	226,233.00
Increase (decrease) in accounts and other payables	261,711,605.98	(119,960,094.69)
Increase (decrease) in accrued expenses	75,140,146.54	(6,667,804.72)
Increase (decrease) in other current liabilities	(14,842,778.31)	(3,351,712.51)
Increase (decrease) in provision of liabilities	(1,907,049.51)	(2,759,900.64)
Increase (decrease) in post-employment benefits obligation	(2,148,605.00)	(4,883,449.84)
Increase (decrease) in other non-current liabilities	(8,153,635.62)	8,252,091.69
Cash received from operating	<u>229,864,425.82</u>	<u>160,698,670.00</u>

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

THAI STEEL CABLE PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Continued)

('Baht)

	FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012	FOR THE YEARS ENDED DECEMBER 31, 2011
Cash received from interest income	624,552.95	5,186,170.87
Cash payment for interest expenses	(1,008,401.67)	(1,369,329.99)
Cash payment for income tax	(11,463,110.62)	(17,107,554.46)
Net cash provided by (used in) operating activities	218,017,466.48	147,407,956.42
Cash flows from investing activities		
(Increase) decrease in temporary investment	112,685,098.81	7,286,295.25
Cash payment for purchase fixed assets	(256,319,206.38)	(125,436,302.59)
Cash payment for purchase intangible assets	(10,759,746.00)	(5,034,593.00)
Cash received from sale fixed assets	5,436,441.14	1,159,175.83
Net cash provided by (used in) investing activities	(148,957,412.43)	(122,025,424.51)
Cash flows from financing activities		
Increase (decrease) in overdrafts from financial institution	(745,181.60)	745,181.60
Cash received from long-term loan	108,500,000.00	-
Cash payment for hire-purchase payable	(4,065,070.22)	(2,672,890.06)
Cash payment for dividend	(129,905,527.50)	(207,815,132.00)
Net cash provided by (used in) financing activities	(26,215,779.32)	(209,742,840.46)
Net increase (decrease) in cash and cash equivalents	42,844,274.73	(184,360,308.55)
Cash and cash equivalents at beginning of the period	98,155,297.20	282,515,605.75
Cash and cash equivalents at end of the period	140,999,571.93	98,155,297.20

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

THAI STEEL CABLE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2012 TO SEPTEMBER 30, 2012 AND
FOR THE YEAR ENDED DECEMBER 31, 2011

1. Company operations

Thai Steel Cable Public Company Limited (“The Company”) is a public limited company listed on the Stock Exchange of Thailand. The head office is located at 700/737 Moo 1 Tambol Panthong, Amphur Panthong, Chonburi. Its main business is manufacturing break line, clutch line, speed line, parts and equipments for vehicles and motorcycles.

2. Basis of prepared and presentation of the financial statements

The financial statements are prepared in conformity with accounting standards and practices generally accepted accounting in Thailand. The format financial statement presentation is compliance with Thai Accounting Standard No.1 (revised 2009) “Presentation of Financial Statement”, and prepared in accordance with the Notification of the Department of Business Development dated September 28, 2011 regarding “The Brief Particulars in the Financial Statements B.E. 2554”.

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

3. New and revised Thai Financial Reporting Standards announced but not effective

The Federation of Accounting Professions has issued the Notifications regarding the Thai Financial Reporting Standards (TFRS), Thai Accounting Standards (TAS), and Thai Accounting Standards Interpretation (TSI) which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards as follows:

Thai Financial Reporting Standards

TFRS 8 Operating Segments

Thai Accounting Standards

TAS 12 Income Taxes

TAS 20 Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Thai Accounting Standards Interpretation

TSI 10 Government Assistance - No Specific Relation to Operating Activities

TSI 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

TSI 25 Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders

The Company’s management anticipates to adopt the accounting standards that affect to the Company’s financial statements when they become effective. The management are now evaluating the impact to financial statement for the year those accounting standards will be started.

4. Summary of significant accounting policies

- 4.1 The Company recognizes the revenue from sales when goods and right are delivered. Other revenues and expenses are recognized on accrual basis.
- 4.2 Cash and cash equivalents is cash on hand and at financial institution, not include cash at financial institution due over 3 months and cash at financial institution that is used for collateral.
- 4.3 Accounts receivable is carried at anticipated realizable value. Allowance for doubtful accounts is provided to cover the estimated losses that may be incurred in the collections. The allowance is valued in relation to the current financial status of each account receivables.
- 4.4 Inventories are stated at cost base on weighted average method, or net realizable value whichever is lower. Net realizable value estimated from selling price in normal business conditions less cost of completion and necessary cost for selling.

4.5 Investment

4.5.1 Fixed deposit stated at cost.

4.5.2 Investment in debt that nearly expire in one year and holding until determine. Debt are stated at amortized cost less impairment (if any). The Company amortized premium/discount debt value following effective interest rate. The amount that was amortized shown by the adjustment with income interest.

4.5.3 Long term investment is the money that invest in non listed equity, The Company classify as general investment, which are stated at cost less impairment (if any).

4.6 Land are presented at cost, building and equipment are present at cost deduct accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by the straight – line method, base on the estimated useful life of assets as follows:

Land improvement	20	Years
Buildings and structures	20	Years
Building improvement	20	Years
Machinery and equipments	5, 10	Years
Tools	5, 10	Years
Molds	5, 10	Years
Office equipments	3, 5, 10	Years
Furniture and fixtures	5, 10	Years
Vehicles	10	Years

4.7 Investment property

Land are presented at cost, building office are presented at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by the straight - line method, base on the estimated useful life of investment property as follows:

Land improvement	20	Years
Buildings and structures	20	Years
Building improvement	20	Years

4.8 Intangible assets are stated at cost, less accumulated amortized and impairment (if any). Amortization is recognized as expenses in the statements of income, base on the useful life of assets as follows:

Software license	10	Years
Software	3	Years

4.9 Lease

4.9.1 Financial Leases

Leases of assets, where the Company has transferred all the risks and rewards of ownership and intend to buy assets when the end of period of lease contract, are classification as finance leases. Financial leases are capitalizing at the inception of the lease record with liabilities occur from lease payment in the future, by not include interest expense which are financial cost. Financial cost are recorded as expenses according to the proportion of the liabilities balance outstanding.

4.9.2 Operating Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the leasers are classified as operating leases. Lease payments under an operating lease are recognized as expenses in the statements of income.

4.10 Employee benefits

4.10.1 Short-term employee benefits

- Provident fund

The Company has registered a provident fund in accordance with the Provident Fund Act B.E. 2530 (1987). Under the plan, the Company and employees contribute to the fund, and the Company's contribution to the provident fund are recorded in the occurred accounting period as expenses in the statements of income.

- Workmen's compensation fund

The Company's contribution to the workmen's compensation fund are recorded in the occurred accounting period, and recorded as expenses in the statements of income.

4.10.2 Long - term employee benefits

The Company provide for post-employment benefits obligation, payable to employees under the Thai Labor Protection Act. The liability of employee benefits is the present value of the defined benefit obligation which is calculated by using the actuarial technique. The present value of the defined benefits obligation is determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, length of service and other. Actuarial gains or losses will be recognized in the statements of comprehensive income in the accounting period to which they are related. The costs associated with providing these benefits are charged to the profit and loss so as to spread the cost over the employment period.

4.11 The Company recognized the income tax to be paid as expense during the accounting period by tax rate at the statements of financial position dated.

4.12 Foreign currency transactions are recorded in the following exchange rates as follows:

- Transactions throughout the year are converted into Baht at the rates of transactions date.
- Assets and liabilities at the end of the year are converted into Baht at the reference exchange rate established by the Bank of Thailand prevailing at the statements of financial position dated.
- Gain or loss on exchange rate are recognized as revenues or expenses in the statement of comprehensive income.

4.13 Basic earnings per share calculated by dividing net profit for each period by the weighted average number of ordinary shares at the end of the each period.

4.14 Estimated liabilities

Estimated liabilities are recognized as liabilities in the statements of financial position when it is probable that an obligation has been incurred as a result of a past event, it is possible that an economic benefits will be required to settle the obligation and the amount of the obligation can be reasonably estimated. The company has recorded estimation of liability from quality guarantee of product by past statistical data of warranty claim.

4.15 Critical judgment of management accounting policies and estimation

Preparation of financial statements in conformity with generally accepted accounting principles require management to make estimation and assumptions about book value critical amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be differ from those estimation. The significant areas that management need to use their judgment and estimation that will affect on the amounts and disclosures are as follows:

4.15.1 Useful life for building and equipment

The Company review useful life of building and equipment at the end of each period.

4.15.2 Impairment of asset

The carrying amounts of the bank's assets are reviewed at each statements of financial position dated to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

4.15.3 Allowance for intangible assets

The intangible assets consist of software, which tested for impairment using a fair value method of discounted cash flows on an annual basis.

4.15.4 Fair value of financial instruments

In assessment fair value of financial instruments that are not trading in the market and can not search for active market, the management use judgment for estimating

fair value of financial instrument calculated by criterion assessment value that has been accepted. The variable has calculated from comparing with other variables in the market, by considering from the liquidity, the relation data and changing of value of long-term financing instruments.

5. Supplement cash flows information

In 2012, the Company bought computer in the amount of Baht 9.32 million by making financial leases contract in the amount of Baht 11 million. This transaction was not related to cash flows in investing activities and financing activities.

In 2011, the Company bought computer in the amount of Baht 5.86 million by making financial leases contract in the amount of Baht 6.94 million. The Company bought lamp and energy saving devices in the amount of Baht 3.56 million by making financial leases contract in the amount of Baht 4.13 million. This transaction was not related to cash flows in investing activities and financing activities.

6. Cash and cash equivalents

Cash and cash equivalents are as follows:

	As at September 30, 2012	(Baht) As at December 31, 2011
Cash	336,013.50	214,840.50
Saving account	113,626,666.65	75,822,315.62
Current account	27,036,891.78	22,118,141.08
Total	<u>140,999,571.93</u>	<u>98,155,297.20</u>

7. Temporary investment

As at September 30, 2012 and as at December 31, 2011, the Company invests in fixed deposit 3 months and 6 months in the amount of Baht 0.097 million and Baht 112.78 million, respectively, with interest rate at 1.87 - 3.00% per annum for each year.

8. Accounts and other receivables

Accounts and other receivables are as follows:

	As at September 30, 2012	(Baht) As at December 31, 2011
Accounts receivable - related company	31,677,486.47	26,480,217.11
Accounts receivable - other company	631,268,128.42	210,850,452.42
Total account receivable	662,945,614.89	237,330,669.53
Other receivable	302,396.31	1,218,793.55
Total accounts and other receivables	<u>663,248,011.20</u>	<u>238,549,463.08</u>

Accounts receivable are reclassified by aging as follows:

	As at September 30, 2012	(‘Baht) As at December 31, 2011
0 -3 months	643,983,248.96	234,834,044.73
3 -6 months	12,710,068.94	1,887,380.87
6 -12 months	6,252,296.99	609,243.93
Total	<u>662,945,614.89</u>	<u>237,330,669.53</u>

9. Inventories

Inventories are as follows:

	As at September 30, 2012	(‘Baht) As at December 31, 2011
Finished goods	86,455,347.95	94,614,628.77
Component part	43,619,176.70	51,515,627.87
Raw material	237,904,326.07	335,527,438.22
Raw material in transit	47,183,540.89	32,319,685.60
Total	<u>415,162,391.61</u>	<u>513,977,380.46</u>

The amount of inventories recognized as expenses in the financial statements for the period from January 1, 2012 to September 30, 2012 and for the year ended December 31, 2011 are in the amount of Baht 1,951.38 million and Baht 1,777.82 million, respectively.

10. Investment property - net

Investment property has movement transaction as follows:

	Balance as at December 31, 2011	Additions	Sale or Disposals	(‘Baht) Balance as at September 30, 2012
Cost				
Land and improvement	93,510,200.01	-	-	93,510,200.01
Buildings and structures	137,611,595.37	-	-	137,611,595.37
Building improvement	24,265,323.14	-	-	24,265,323.14
Total cost	<u>255,387,118.52</u>	<u>-</u>	<u>-</u>	<u>255,387,118.52</u>
Accumulated depreciation			-	
Improvement	(3,793,688.27)	(135,079.17)	-	(3,928,767.44)
Buildings and structures	(94,846,748.02)	(1,130,577.99)	-	(95,977,326.01)
Building improvement	(16,848,865.69)	(629,343.95)	-	(17,478,209.64)
Total accumulated depreciation	<u>(115,489,301.98)</u>	<u>(1,895,001.11)</u>	<u>-</u>	<u>(117,384,303.09)</u>
Investment property - net	<u>139,897,816.54</u>	<u>(1,895,001.11)</u>	<u>-</u>	<u>138,002,815.43</u>
Depreciation of the assets for the periods	<u>7,914,454.54</u>			<u>1,895,001.11</u>

	Balance as at December 31, 2010	Additions	Sale or Disposals	(Baht) Balance as at December 31, 2011
Cost				
Land and improvement	93,510,200.01	-	-	93,510,200.01
Buildings and structures	137,611,595.37	-	-	137,611,595.37
Building improvement	24,172,323.14	93,000.00	-	24,265,323.14
Total cost	255,294,118.52	93,000.00	-	255,387,118.52
Accumulated depreciation				
Improvement	(3,604,567.49)	(189,120.78)	-	(3,793,688.27)
Buildings and structures	(87,966,168.55)	(6,880,579.47)	-	(94,846,748.02)
Building improvement	(16,004,111.40)	(844,754.29)	-	(16,848,865.69)
Total accumulated depreciation	(107,574,847.44)	(7,914,454.54)	-	(115,489,301.98)
Investment property - net	147,719,271.08	(7,821,454.54)	-	139,897,816.54
Depreciation of the assets for the periods	8,014,663.77			7,914,454.54

Investment property consisted of land and building of existing office that are not in use. It is stated at cost, less accumulated depreciation. The fair value information for the investment property as at September 30, 2012 and as at December 31, 2011, are in the amount of Baht 326.50 million for each year.

11. Property, plant and equipment - net

Property, plant and equipment has movement transaction as follows:

	Balance as at December 31, 2011	Additions	Disposals	Others	(Baht) Balance as at September 30, 2012
Cost					
Lands and land improvement	140,922,008.98	-	-	-	140,922,008.98
Buildings and structures	263,095,198.58	-	-	-	263,095,198.58
Office buildings	81,150,153.42	-	-	-	81,150,153.42
Building-factory improvement	16,580,201.44	869,000.00	-	906,500.00	18,355,701.44
Machineries and equipments	545,104,883.71	80,320,413.67	(3,610,759.39)	45,615,506.92	667,430,044.91
Tools	83,301,041.76	7,304,376.64	(4,848,064.37)	3,851,945.15	89,609,299.18
Molds	68,580,208.96	24,074,360.43	(9,131,132.19)	-	83,523,437.20
Office equipments	70,677,892.88	4,864,619.75	(4,877,213.53)	2,163,905.75	72,829,204.85
Office equipments under financial lease	11,091,100.00	3,428,729.00	(2,200.00)	(1,994,690.00)	12,522,939.00
Furniture and fixtures	6,026,728.88	-	(18,040.00)	112,100.00	6,120,788.88
Vehicles	35,849,000.00	-	(4,500,000.00)	-	31,349,000.00
Assets under installation	42,515,783.57	32,994,527.30	-	(50,655,267.82)	24,855,043.05
Machinery in transit	-	6,436,521.08	-	-	6,436,521.08
Buildings and structures under construction	-	125,609,649.24	-	-	125,609,649.24
Total cost	1,364,894,202.18	285,902,197.11	(26,987,409.48)	-	1,623,808,989.81
Accumulated depreciation					
Land improvement	(10,132.88)	(4,866.12)	-	-	(14,999.00)
Buildings and structures	(65,735,588.99)	(9,848,098.97)	-	-	(75,583,687.96)
Office buildings	(20,274,936.97)	(3,037,587.73)	-	-	(23,312,524.70)
Building improvement	(2,654,538.71)	(666,183.08)	-	-	(3,320,721.79)
Machineries and equipments	(352,229,018.89)	(30,119,360.05)	3,391,630.24	-	(378,956,748.70)
Tools	(58,958,884.79)	(6,997,699.31)	4,823,683.99	-	(61,132,900.11)
Molds	(34,705,093.46)	(7,702,831.19)	7,366,671.70	-	(35,041,252.95)
Office equipments	(37,966,153.64)	(5,760,920.57)	4,441,131.02	-	(39,285,943.19)
Office equipments under financial lease	(4,786,985.59)	(2,331,053.49)	2,064.56	-	(7,115,974.52)
Furniture and fixtures	(2,743,386.05)	(480,874.05)	3,472.94	-	(3,220,787.16)
Vehicles	(20,310,696.50)	(2,514,105.45)	3,131,048.73	-	(19,693,753.22)
Total accumulated depreciation	(600,375,416.47)	(69,463,580.01)	23,159,703.18	-	(646,679,293.30)
Property, plant and equipment-net	764,518,785.71	216,438,617.10	(3,827,706.30)	-	977,129,696.51
Depreciation of the assets for the periods	77,001,396.48				69,463,580.01

	Balance as at December 31, 2010	Additions	Disposals	Others	(‘Baht) Balance as at December 31, 2011
Cost					
Lands and land improvement	140,922,008.98	-	-	-	140,922,008.98
Buildings and structures	263,095,198.58	-	-	-	263,095,19.58
Office buildings	81,150,153.42	-	-	-	81,150,153.42
Building-factory improvement	14,259,121.44	596,025.00	-	1,725,055.00	16,580,201.44
Machineries and equipments	478,220,280.55	41,686,382.11	(757,307.10)	25,955,528.15	545,104,883.71
Tools	75,056,785.95	7,299,944.32	(1,766,421.94)	2,710,733.43	83,301,041.76
Molds	44,902,637.30	24,131,671.66	(454,100.00)	-	68,580,208.96
Office equipments	62,823,358.52	10,679,603.89	(3,734,119.53)	909,050.00	70,677,892.88
Office equipments under financial lease	5,711,600.00	5,836,400.00	-	(456,900.00)	11,091,100.00
Furniture and fixtures	5,671,019.48	355,709.40	-	-	6,026,728.88
Vehicles	37,454,000.00	-	(1,605,000.00)	-	35,849,000.00
Assets under installation	21,341,871.36	52,017,378.79	-	(30,843,466.58)	42,515,783.57
Total cost	<u>1,230,608,035.58</u>	<u>142,603,115.17</u>	<u>(8,316,948.57)</u>	<u>-</u>	<u>1,364,894,202.18</u>
Accumulated depreciation					
Land improvement	(3,632.88)	(6,500.00)	-	-	(10,132.88)
Buildings and structures	(52,580,829.05)	(13,154,759.94)	-	-	(65,735,588.99)
Office buildings	(16,217,429.29)	(4,057,507.68)	-	-	(20,274,936.97)
Building improvement	(1,850,996.44)	(803,542.27)	-	-	(2,654,538.71)
Machineries and equipments	(320,821,134.98)	(31,926,284.90)	518,400.99	-	(352,229,018.89)
Tools	(51,759,611.71)	(8,921,073.89)	1,721,800.81	-	(58,958,884.79)
Molds	(30,581,641.06)	(4,568,194.52)	444,742.12	-	(34,705,093.46)
Office equipments	(34,374,161.65)	(6,789,650.82)	3,576,772.80	(379,113.97)	(37,966,153.64)
Office equipments under financial lease	(2,702,705.84)	(2,463,393.72)	-	379,113.97	(4,786,985.59)
Furniture and fixtures	(2,136,083.61)	(607,302.44)	-	-	(2,743,386.05)
Vehicles	(17,518,622.55)	(3,703,186.30)	911,112.35	-	(20,310,696.50)
Total accumulated depreciation	<u>(530,546,849.06)</u>	<u>(77,001,396.48)</u>	<u>7,172,829.07</u>	<u>-</u>	<u>(600,375,416.47)</u>
Property, plant and equipment-net	<u>700,061,186.52</u>	<u>65,601,718.69</u>	<u>(1,144,119.50)</u>	<u>-</u>	<u>764,518,785.71</u>
Depreciation of the assets for the periods	<u>75,342,829.92</u>				<u>77,001,396.48</u>

Asset with deduct all depreciation but can be used has book value before less accumulated depreciation as at September 30, 2012 and as at December 31, 2011, are in the amount of Baht 261.39 million and Baht 237.02 million respectively.

12. Intangible assets - net

Intangible assets has movement transaction as follows:

	Net balance as at December 31, 2011	Additions	Others	Total	Amortized	(‘Baht) Net balance as at September 30, 2012
Computer program	21,232,623.92	10,759,746.00	285,675.00	32,278,044.92	(5,216,384.68)	27,061,660.24
Software under installment	<u>285,675.00</u>	<u>1,042,000.00</u>	<u>(285,675.00)</u>	<u>1,042,000.00</u>	<u>-</u>	<u>1,042,000.00</u>
Total	<u>21,518,298.92</u>	<u>11,801,746.00</u>	<u>-</u>	<u>33,320,044.92</u>	<u>(5,216,384.68)</u>	<u>28,103,660.24</u>
Amortized for the periods	<u>5,694,415.24</u>					<u>5,216,384.68</u>

	Net balance as at December 31, 2010	Additions	Others	Total	Amortized	(‘Baht) Net balance as at September 30, 2011
Computer program	21,892,446.16	5,034,593.00	-	26,927,039.16	(5,694,415.24)	21,232,623.92
Software under installment	<u>-</u>	<u>285,675.00</u>	<u>-</u>	<u>285,675.00</u>	<u>-</u>	<u>285,675.00</u>
Total	<u>21,892,446.16</u>	<u>5,320,268.00</u>	<u>-</u>	<u>27,212,714.16</u>	<u>(5,694,415.24)</u>	<u>21,518,298.92</u>
Amortized for the periods	<u>3,342,814.34</u>					<u>5,694,415.24</u>

13. Overdrafts from financial institution

The Company has entered into overdraft agreement with several local financial institution in the amount of Baht 50 million with the interest rate of MOR per annum. These loans are unsecured. As at September 30, 2012, the Company do not used that loan and balance as at December 31, 2011 in the amount of Baht 0.75 million.

14. Accounts and other payables

Accounts and other payables are as follows:

	As at September 30, 2012	(Baht) As at December 31, 2011
Accounts payable - related company	141,591,624.53	74,730,814.95
Accounts payable - other company	384,902,772.65	203,829,972.06
Notes payable	582,715.14	-
Total accounts payable	527,077,112.32	278,560,787.01
Other payables	29,713,591.04	17,555,033.02
Total accounts and other payables	556,790,703.36	296,115,820.03

15. Hire-purchase payable

Hire-purchase payable are as follows:

	Due within 1 year		Due over 1 year but not over 5 years	
	As at September 30, 2012	As at December 31, 2011	As at September 30, 2012	As at December 31, 2011
Hire-purchase payable	7,667,351.15	4,565,966.37	9,486,429.54	6,582,735.17
Less deferred interest expenses	(838,517.47)	(581,709.35)	(502,948.82)	(480,404.19)
Less deferred input vat	(442,602.58)	(226,617.85)	(487,789.94)	(232,398.05)
Net	6,386,231.10	3,757,639.17	8,495,690.78	5,869,932.93

16. Long-term loan

Long-term loan are as follows:

	As at September 30, 2012	(Baht) As at December 31, 2011
Long-term loan	108,500,000.00	-
Less Long-term loan due within 1 year	(56,250,000.00)	-
Balance	52,250,000.00	-

The Company has entered into long-term loan with a financial institute in the amount of Baht 150 million, which withdrawal in the amount of Baht 108.50 million to construction of factory building. Due date of repayment 32 months from the first time of withdrawal (May 17, 2012) start first payment on January 2013, which repayment principle in the amount of Baht 6.25 million per month and repayment interest every month with interest rate at MLR - 2.40 per annum. This loan has no collateral and has special condition by debt to equity ratio (D/E) shall not exceed 2 times, and the ratio of earnings (loss) before interest and tax plus depreciation, and deferred expenses divide by principle repayment due within 1 year of corresponding period, plus interest expense, should not less than 1.5 times.

17. Post-employment benefits obligation

The Company has post-employment benefits obligation plans under the Thai Labor Protection Act which is considered as unfunded defined benefit plans.

The amount of expense recognized in statements of comprehensive income in post-employment benefits obligation plan are as follows:

	For the period from January 1, 2012 to September 30, 2012	(Baht) For the year ended December 31, 2011
Current service costs	994,266.00	1,708,535.00
Interest cost	424,437.00	729,242.00
Total	1,418,703.00	2,437,777.00

Movements in present value of post-employment benefits obligation plan are as follows:

	As at September 30, 2012	(Baht) As at December 31, 2011
Beginning balance present value of post-employee benefits obligation	21,762,036.16	24,207,709.00
<u>Add</u> Current service costs	994,266.00	1,708,535.00
Interest cost	424,437.00	729,242.00
	23,180,739.16	26,645,486.00
<u>Less</u> Payment for post-employee benefits obligation	(2,148,605.00)	(4,883,449.84)
Ending balance present value of post-employee benefits obligation	21,032,134.16	21,762,036.16

The actuarial assumptions used to calculate the defined benefits obligations as at September 30, 2012 and as at December 31, 2011 are as follows:

Financial assumptions

Discount rate	4.10 %
Inflation rate	3 %
Salary increase rate	7 %
Turnover rates	8-20 % by aging range
Retirement age	60 years

18. Provision of liabilities

Provision of liabilities are as follows:

	As at September 30, 2011	(Baht) As at December 31, 2010
Beginning provision of liability - quality guarantee	15,131,977.14	13,414,693.15
<u>Plus</u> Increase provision of liability - quality guarantee	5,347,330.47	4,477,184.63
	20,479,307.61	17,891,877.78
<u>Less</u> Decrease provision of liability - quality guarantee	(1,907,049.51)	(2,759,900.64)
Ending provision of liability - quality guarantee	18,572,258.10	15,131,977.14

19. Capital management

Company's objective in company asset management is to maintain corporation continually operation ability to make return on equity holder and gains profit to other stock holder and to maintain proper equity structure to reduce asset of equity or adjust equity structure. Company may adjust dividend payment policy to equity holder, returning asset to equity holder, the issuing of new equity, or sell asset to reduce debt burden.

20. Legal reserve

Under the provisions of the Limited Public Company Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund, until the reserve fund reaches no less than 10% of the authorized share capital. Such reserve fund is not available for distribution as dividend.

21. Dividend

Annual Ordinary Shareholders' Meeting 2012 held on April 27, 2012, approved to pay dividend to shareholders in the amount of Baht 0.80 per share, in amount of Baht 207.84 million, the Company paid interim dividend in year 2011 in the amount of Baht 0.30 per share, in the amount of Baht 77.94 million. The balance of dividend which to pay in the amount of Baht 0.50 per share, in the amount of Baht 129.90 million. The Company paid in May 2012.

Annual Ordinary Shareholders' Meeting 2011 held on April 29, 2011, approved to pay dividend to shareholders in the amount of Baht 0.50 per share in amount of Baht 129.90 million and the board of directors' meeting No. 4/2011 held on August 15, 2011 approved to pay interim dividends to the shareholders at Baht 0.30 per share in the amount of Baht 77.94 million, the dividend totaling of Baht 207.84 million. The Company was paid in May 2011 and September 2011.

22. Expenses by nature

Expenses by nature that occurred from important expenses are as follow:

	For the period from January 1, 2012 to September 30, 2012	(Baht) For the year ended December 31, 2011
Changing finish goods and work in process	16,055,731.99	(51,795,225.42)
Raw material and supply used	1,556,099,037.53	1,457,958,098.66
Staff expenses	272,870,525.07	283,625,083.20
Depreciation and amortization	76,574,965.80	90,610,265.54
Royalty	32,818,667.40	29,926,243.11

23. Income tax

The Company has been granted by the Board of Investment to transform the head office for manufacturing vehicles controls line and automobile window regulator. The Company has exemption from payment of corporate income tax from the promoted business. In 2012 and 2011, the Company has part of net profit from non-promoted business, that the Company has considered to be expense follow revenue code.

24. Directors and managements' remuneration

24.1 Directors' remuneration are benefits payment to directors of the Company in section 90 of the Public Company Limited Act, by excluding salary and related benefits that pay to directors who are also an executive of the Company.

24.2 The management's benefits in cash are salary, bonus, vehicles expenses and provident funds paid to the Company's management under Notification of the Capital Market Commission No. Tor Jor 24/2009 "Requirement about directors and managements remuneration of the Company issued securities" dated July 20, 2009.

24.3 The management's benefits paid to management according to the TAS 24 (revised 2009)
"Related Party Disclosures" are as follows:

	For the period from January 1, 2012 to September 30, 2012	(Baht) For the year ended December 31, 2011
Short-term employee benefit	39,780,500.00	59,441,598.00
Post retirement benefits	30,984.75	247,791.00
Total	<u>39,811,484.75</u>	<u>59,689,389.00</u>

25. Related party transactions

25.1 Long-term investment

2012 Long-term investment							(‘Baht)	
	Type of Business	Nature of relationship	Issued and Paid - up		Shareholding		Cost Method	
			Share Capital		(%)		As at September 30, 2012	As at December 31, 2011
			As at September 30, 2012	As at December 31, 2011	As at September 30, 2012	As at December 31, 2011		
General Investment								
Hi-Lex Vietnam Co., Ltd	Manufacturing Composition of Motor vehicle	Shareholder	USD 11,150,000	USD 11,150,000	6.30	6.30	25,704,000.00	25,704,000.00
Total							25,704,000.00	25,704,000.00

25.2 Related parties transaction

A portion of the company's assets, liabilities, revenues, and expenses arose from transactions with affiliated and related companies. These companies are directly and indirectly related through common shareholders and/or directors as follows:

Purchase and sale, price are in normal trading conditions.

Royalty, price are follow contract agreement.

Purchase assets, price are in normal trading conditions.

	Nature of Relationship	As at September 30, 2012	(Million Baht) As at December 31, 2011
Balances			
Related parties			
Accounts receivable			
Summit Autoseats Industry Co., Ltd.	Common shareholder and director	1.63	0.84
Summit Autobody Industry Co., Ltd.	Common shareholder and director	1.31	0.72
Summit Laemchabang Autoseat Manufacturing Co., Ltd.	Common shareholder and director	2.25	1.59
Summit Anse Autopart Co., Ltd.	Common shareholder and director	3.99	2.38
Summit Osuka Manufacturing Co., Ltd.	Common shareholder and director	4.40	1.86
Johnson Controls and Summit Interiors Co., Ltd.	Common shareholder and director	8.00	5.26
Hi-Lex Vietnam Co., Ltd.	Affiliated company, Common shareholder and director	1.46	3.56
PT. Hi – Lex Indonesia	Common shareholder and director	2.85	0.69
Hi-Lex India Private Limited	Common shareholder and director	0.37	0.73
Hi-Lex Corporation	Shareholder	0.74	0.76
Armstrong Auto Parts SDN.BHD.	Common shareholder	4.11	7.32
Hi-Lex Hangary KFT	Common shareholder and director	0.55	1.17
Accounts payable			
Complete Autopart Co., Ltd.	Common shareholder and director	9.95	5.23
Complete Autorubber Manufacturing Co., Ltd.	Common shareholder and director	18.94	6.84
Summit Chugoku Seira Co., Ltd.	Common shareholder and director	0.97	0.25
Hi-Lex Vietnam Co., Ltd.	Affiliated company, Common shareholder and director	15.19	7.75
Hi-Lex Corporation	Shareholder	88.62	54.16
Yantai TSK Cable Sytem Co., Ltd.	Common shareholder and director	4.88	3.37
TSK (Korea) Co., Ltd.	Common shareholder and director	2.31	3.64
Chongqing Hi-Lex Control Cable System Co., Ltd.	Common shareholder and director	0.14	-
Hi-Lex America	Common shareholder and director	-	0.14
Hi-Lex India	Common shareholder and director	0.57	-

	Nature of Relationship	As at September 30, 2012	(Million Baht) As at December 31, 2011
Accrued royalty			
Hi-Lex Corporation	Shareholder	13.07	13.40
Assets payable			
Complete Autorubber Manufacturing Co., Ltd.	Common shareholder and director	-	1.68
P. Tooling Co., Ltd.	Common shareholder and director	0.14	-

	Nature of Relationship	For the period from January 1, 2012 to September 30, 2012	(Million Baht) For the year ended December 31, 2011
Revenues and expenses			
Related parties			
Revenue from sales			
Summit Autoseats Industry Co., Ltd.	Common shareholder and director	4.12	3.76
Summit Autobody Industry Co., Ltd.	Common shareholder and director	5.83	16.77
Summit Laemchabang Autoseats Manufacturing Co., Ltd.	Common shareholder and director	5.44	5.84
Summit Anse Autopart Co., Ltd.	Common shareholder and director	11.39	12.57
Summit Osuka Manufacturing Co., Ltd.	Common shareholder and director	13.39	16.39
Johnson Controls and Summit Interiors Co., Ltd.	Common shareholder and director	21.54	19.92
Hi-Lex Vietnam Co., Ltd.	Affiliated company,	6.06	19.26
	Common shareholder and director		
Hi-Lex India Private Limited	Common shareholder and director	0.66	5.01
PT. Hi-Lex Indonesia	Common shareholder and director	13.07	19.27
Hi-Lex Corporation	Shareholder	5.00	5.53
Armstrong Auto Parts SDN. BHD.	Common shareholder	11.58	18.06
Hi-Lex Hangary KFT	Common shareholder and director	4.06	4.99
Revenue from claim			
Hi-Lex Corporation	Shareholder	0.10	0.11
Purchase			
Complete Autopart Co., Ltd.	Common shareholder and director	25.35	25.77
Complete Autorubber Manufacturing Co., Ltd.	Common shareholder and director	39.15	23.84
Thai Auto Industry Co., Ltd.	Common shareholder and director	0.03	0.03
Summit Chugoku Seira Co., Ltd.	Common shareholder and director	2.92	2.02
PT. Hi-Lex Indonesia	Common shareholder and director	0.72	0.30
Hi-Lex Corporation	Shareholder	423.63	629.61
TSK (Korea) Co., Ltd.	Common shareholder and director	19.48	8.44
Hi-Lex America	Common shareholder and director	0.91	0.77
Hi-Lex Vietnam Co., Ltd.	Affiliated company,	100.10	128.65
	Common shareholder and director		
Yantai TSK Cable Sytem Co., Ltd.	Common shareholder and director	20.87	36.26
Chongquing Hi-Lex Cable System Co., Ltd.	Common shareholder and director	-	1.17
Chongquing Hi-Lex Control Cable System Co., Ltd.	Common shareholder and director	0.15	-
Hi-Lex India Private Limited	Common shareholder and director	1.75	-
Purchase asset			
Complete Autorubber Manufacturing Co., Ltd.	Common shareholder and director	1.61	4.64
P. Tooling Co., Ltd.	Common shareholder and director	5.59	-
TSK (Korea) Co., Ltd.	Common shareholder and director	7.37	2.44
Hi-Lex Corporation	Shareholder	4.28	2.00
Royalty			
Hi-Lex Corporation	Shareholder	32.82	29.93

26. Business segment information

The Company has operated in only one business segment which is manufacturing component part of vehicle. The geographical has two segment in both domestic and export. The revenue of geographical segment less than 10% of total revenue so the company has not present business segment information.

27. Long - term contract

27.1 The Company has an agreement to pay royalty fee to the related companies without the end of period at 2% per year of domestic sales of goods, less the cost of raw materials purchase from those Companies. The Company is determined to pay the royalty fee twice a year, within 60 days after the end of June and December of each year.

27.2 As at September 30, 2012 and as at December 31, 2011, the Company has rental expenses to spend in future under financial lease contract following:

	As at September 30, 2012	('Baht) As at December 31, 2011
Due within 1 year	14,253,518.95	10,687,413.08
Over 1 year not over 5 years	14,803,634.17	14,922,784.17

28. Promotion privileges

The Company is granted promotion privileges to transform the head office for manufacturing vehicles controls line and automobile window regulation the privileges as follows:

28.1 Exemption from corporate income tax for profit derived from promoted activities for a period of seven years.

28.2 Permission to deduct loss occurring throughout promotional period from the net profit arising after a period of exemption from corporate income tax and not exceeding 5 years commencing from the expiry date in 28.1 above.

28.3 Exemption of income tax on dividends paid from the Company which has been promoted privileges throughout the corporate income tax exemption period.

28.4 Permission to bring money in foreign currency in or out from a Kingdom.

The Company must comply with conditions and restrictions provided in the promotional certificate for receiving those rights and benefits in 28.1 expired in year 2014.

29. Reporting to revenue of a promoted industry

Based on the announcement of the board of the investment no.14/1998 dated December 30, 1998 regarding revenues reporting of a promoted industry, the Company is required to report separately revenues for promoted and non-promoted business. The Company have revenue from sales and other revenues to promoted and non-promoted as follows:

	('Baht) For the period from January 1, 2012 to September 30, 2012		
	Promoted business	Non-promoted business	Total
Revenue			
Revenue from sale	2,160,493,720.68	194,231,328.07	2,354,725,048.75
Interest revenue	-	173,360.79	173,360.79
Other revenue	1,746,038.79	24,063,406.06	25,809,444.85
Total	<u>2,162,239,759.47</u>	<u>218,468,094.92</u>	<u>2,380,707,854.39</u>

	('Baht) For the year ended December 31, 2011		
	Promoted business	Non-promoted business	Total
Revenue			
Revenue from sale	2,042,109,530.21	207,059,533.54	2,249,169,063.75
Interest revenue	-	5,426,001.51	5,426,001.51
Other revenue	5,269,886.10	36,164,476.59	41,434,362.69
Total	<u>2,047,379,416.31</u>	<u>248,650,011.64</u>	<u>2,296,029,427.95</u>

30. Letters of guarantee

As at September 30, 2012 and as at December 31, 2011, the Company has obtained letters of guarantee issued by a local financial institution to the Provincial Electricity Authority and Metropolitan Power Board in the amount of Baht 2.40 million for each year, which use collateral together with financial institution.

31. Presentation and disclosure for financial instruments

31.1 Default risk

The Company expects that default risk occurred from off - balance sheet transactions are not material.

31.2 Accounts receivable risk

The Company has credit risk from accounts receivable, however, the Company has conservative policy in giving credits, and the company has variety customers, the Company does not expect to receive any material loss from receivable collections.

31.3 Foreign exchange rate risk

The Company is exposed to foreign exchange rate risk subject to purchase goods and assets. The Company has enter into forward contracts for protect currency exposure for high transaction. As at September 30, 2012 and as at December 31, 2011, the Company not has balance of foreign exchange contracts. The Company has currency financial assets and financial liabilities, as follows:

Currency	Financial assets		Financial liability	
	As at September 30, 2012	As at December 31, 2011	As at September 30, 2012	As at December 31, 2011
USD	866,573.87	760,356.69	1,645,669.41	972,554.17
YEN	1,889,348.97	1,896,631.09	238,348,427.00	148,750,561.00
TWD	-	-	110,500.00	-

31.4 Interest rate risk

The Company has interest rate risk relates primarily to its cash at banks, and temporary investment with interest. However, the Company's financial assets and liabilities bear floating interest rates of fixed rates, the interest rate risk is expected to be minimal.

31.5 Fair value of financial instruments

The Company uses the following methods and assumption in estimating market value or fair value of financial instruments

- Cash and cash equivalents, temporary investment and accounts receivable are financial assets, therefore book value are equal to the estimated fair value.
- Long-term investment has book value that are equal to the estimated fair value. The fair value calculated by estimated from net book value.
- Accounts and other payable, asset payables, book value are equal to the estimated fair value.
- As at September 30, 2012 and as at December 31, 2011, fair value of financial assets and liabilities are not materiality different from book value.

Moreover, the fair value is calculated by using the above method and assumptions. The actual fair value may be different from the estimated amount.

32. Changing in accounting estimates

In 2012, the Company has changing in accounting estimates about useful life of investment property for real useful life and changing useful life of buildings and structures as follows:

	Old rate	New rate
Building and structures in 1995 - 2004	20 years	40 years

From these changing in accounting estimates, the Company calculated depreciation of building and structures from remaining useful life. Effect of changing in estimates recognized depreciation for the period from January 1, 2012 to September 30, 2012 decrease in the amount of Baht 4.02 million and have an effect with depreciation in 2013 - 2044 totaling Baht 8.06 million.

33. Transaction reclassification

As at September 30, 2012, the financial statements in 2011, was reclassified to conform with the presentation in the financial statements in 2012. The significant reclassification are as follows:

- Software under installment which shown in property, plant and equipment in the amount of Baht 0.29 million has reclassified to present including in intangible assets.

34. Other

According to the Annual Ordinary Shareholders' Meeting 2012 held on April 27, 2012, approved to change accounting periods from ended December 31, to ended September 30. The Company has been approved from Revenue Department on September 22, 2011, which started from January 1, 2012 and ended September 30, 2012.

35. Approving of the financial statements

The financial statements are approved by authorized directors of the Company held on November 26, 2012.

Remuneration of auditor

1. Audit fee

The Company disbursed audit fee to

- United Auditing PKF Co., Ltd. or other businesses related to the auditors and their affiliated audit company. Last year the audit fee amounted to 440,000 baht (Four hundred and forty thousand Baht).
- Accommodation and traveling expenses of the auditors amounted to 57,500 baht (Fifty – seven thousand and five hundred baht)

2. Non - audit fee

- Professional fee remitted for BOI auditing amounted to 50,000 baht. (Five thousand baht)

It was noted that the auditors have worked as the Company's auditors for nine years during 2004 - 2012 and satisfactorily carried out their duties in the capacity of an auditor. The auditors did not have any relationship with or any stake in the Company, management executives, major shareholders, or any person affiliated with such individuals.



To be world class automotive control cable manufacturer.



นโยบายคุณภาพ (Quality Policy)

ยกระดับประสิทธิภาพอย่างต่อเนื่อง เน้นเรื่องความพึงพอใจลูกค้า
การออกแบบการส่งมอบและราคา สูงคุณค่าพร้อมพัฒนาสู่สากล

Improve efficiency and continually, emphasize the customer satisfaction in design; on-time delivery; reasonable price and aim to the international excellence.

ISO/TS 16949
BUREAU VERITAS
Certification



ISO 14001
BUREAU VERITAS
Certification



บริษัท ไทยสตีลเคเบิล จำกัด (มหาชน)
นิคมอุตสาหกรรมอมตะนคร 700/737 หมู่ 1
ตำบลพานทอง อำเภอพานทอง จังหวัดชลบุรี 20160
โทรศัพท์ : (038) 447 200-21

Thai Steel Cable Public Company Limited
Amata Nakorn Industrial Estate, 700/737 Moo 1,
Tambol Panthong, Amphur Panthong, Chonburi, 20160
Tel : (038) 447 200-21 <http://www.thaisteelcable.com>