

ANNUAL REPORT 2012

รายงานประจำปี 2555

www.globalhouse.co.th



SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

บริษัท สยามโกลบอลเฮ้าส์ จำกัด (มหาชน)

Message from the Chairman



Dear Shareholders and Stakeholders.

In 2012, Siam Global House Public Company Limited has been continuously growth from the last year although the economy in Europe zone has liability contraction in several countries either Greece, Spain, Italy and etc. The economy in The United States of America are facing with deficit crisis, unemployment are stills high. The economy in Asia has good strength but the growth are decreases from the last year especially in China and India. As the severe flood crisis 2011 in Thailand are cause to the government funds allocated for flood recovery and restoration. The recovery and restoration costs has large amounts in either The Industrial sector and The Household sector. The company had new 7 new branches cause to increase revenue either same stores and new stores. Siam Global House Public Company Limited realize the responsibilities to sociality and the others, The company are foster and support education by granting education equipment along with business development by increases revenue and decreases expenses

Siam Global House Public Company Limited has gathered quality construction material and home improvement products in one stop shopping destination for our valuable customers by our team of experts who have many years of experiences and oriented mind for customers. The efforts that the team dedicates had gained reputation and trust from our customers. We are proud and dedicated to keep up good work and exceed shareholder's expectation in the year 2012 and years to come.

The company would like to express our concerns in 2013. 12 new branches will be opened by the end of 2013; thus, the company will have 32 branches by then. This could increase our sales volume and profit. Global House would like to assure you that the Company will consecutively operate and develop the business for growth and utmost benefit to the Company's shareholders, trade partners and customers.

Yours Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'O' followed by a long horizontal stroke.

Message from the CEO



Dear Shareholders,

It was another solid year in 2012 for "GLOBAL HOUSE". We achieved the highest number of new store to be opened in one year. We added 7 new stores (three in Q1-Q3, and four more in Q4) making the total of 20 stores by the end of 2013. Our turnover has grown by 31.7%, and of that, 10% is from the same store growth.

The gross margin has gone down by 1% due to the additional stores and new store promotion. The net profit margin for 2012 is Baht 609 million or 24.13% growth from last year.

In Q4, the Company gained additional capital of about 10% from private placement to SCG Distribution Co., Ltd. an affiliate of SCC – total of Baht 3,136 million and from the exercising GLOBAL -W amount Baht 1,052 million which partly was used to pay back all the long term debt and acquire more pieces of land for future expansion. 2013 will be another strong year and we will continue to work to improve gross margin to a level of at least 16%.



Best regards,
Witoon Suriyawanakul
CEO



The Grand Opening New 7 Branches in 2012

Sakhon Nakhon
Nakhon Phanom
Chaiyaphum
Surin
Phitsanulok
Lamphun
Mukdahan



Global House CSR in 2012



Global House CRM in 2012



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General Information

Siam Global House Public Company Limited has established from the merge of two companies (Siam Global House Company Limited and Siam Global House Khon Kaen Company Limited) on 8th June 2007 with initial registered capital of 700,000,000 million Baht. The main objective of the company is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of "Global House". The company opened its first branch in Roi Et. Operated by Mr.Witoon Suriyawankul who had experience in construction business over 20 years. Global House operates under the concept "All Inclusive for Your House". "Global House" was the first of its kind which adopted "the modern trade Innovation system" to distribute construction materials, decorative items and gardening products. The store contains various categories of items more than 90,000 SKUs, over million items. All in the huge store warehouse under the same roof where feature average area of 18,000-32,000 sq.m in order to provide our customers the convenience of viewing, feeling, and selecting the product themselves.

Siam Global House's Information

Company's Listed Name:	Siam Global House Public Company Limited
Registration No.:	107551000029
Type of Business :	Selling goods and providing complete range of services relating to construction, decorations, tools, office equipment, and additional improvement of buildings, houses, and other places as One Stop Shopping.
Address :	232 Moo 19, Rob Muang, Muang, Roi Et, Thailand 45000
Telephone :	0-4351-9597
Fax :	0-4351-1492, 0-4351-9649
Home Page:	www.globalhouse.co.th
Registered Capital:	2,239,999,926 Baht
Paid-up Capital:	2,151,671,784 Baht
Par Value:	1.00 Baht

Overview of Business Operation

Siam Global House Public Company Limited objective is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. Global currently has 20 stores covering 3 regions; the central and the eastern 4 branches; Rayong, Chonburi, Nakhon Pathom and Ratchaburi, the northeastern 12 branches; Roi Et, Khon Kaen, Udon Thani, Kalasin , Maha Sarakham, Nong Khai, Nakhon Ratchasima ,Sakon Nakhon ,Nakhonphanom ,Chaiyaphum ,Surin, and Mukdahan , the northern 4 branches; Chiang Mai , Nakhon Sawan , Phitsanulok and Lumphoon .

Now the Company is in the process of construction 7 branches at Phare , Nan ,Lampang , Sukhothai , Kamphaengphet ,Ban Phai (Khon Kaen) and Ubon Ratchathani ,that will be opened later in this year. Each branch locates in the best location for customers.

Our business operations are the following;

Our business operations are the following;

- “Global House” operates a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products under the concept One Stop Shopping Home Improvement Center. Our target markets are retail customers, small distributor, and professionals.
- “Global House” divided products into 2 groups;
 - **Building Material Group**
 - Cements and Construction materials
 - Steels, Nails and Wires
 - Roofs and Installation tools
 - Tanks, Pipes, Water Systems and Gardening
 - **Decorative items**
 - Doors, Windows and Woods
 - Hardware
 - Electrical Accessories
 - Sanitary wares and Kitchens
 - Ceramic Tiles and Decorative items
 - Paints and Chemicals
 - Furniture and Appliances

From our business operation, “Global House” was established and opened its first branch in Roi Et. The company has continued expanding its branches to expand our reach to customers. Global currently has 20 stores as following:

Branch	AREA(sq.m.)
Roi Et : 232 Moo 19 T.Robmung A.Muang , Roi Et 45000	20,200 Parking 150 cars
Khon Kaen :377 Moo 21 Maliwan Rd. T.Ban Ped A.Muang Khon Kaen 40000	23,280 Parking 278 cars
Udon Thani : 202 Moo 5 T.Sam Prao A.muang Udon Thani 41000	20,420 Parking 180 cars
Wieng Khum Kam(Chieng Mai) :99/3 Moo 11 T.Tha Wangtal A.Sarapee Chieng Mai 50140	28,000 Parking 304 cars
Rayong : 137 Moo 4 T.Tub Ma A.Muang Rayong 21000	24,482 Parking 220 cars
Chon Buri :25/74 Moo 3 T.Ban Suan A.Muang Chon Buri 20000	26,150 Parking 240 cars
Nakhon Prathom : 222 Moo 8 T.Lam Phaya A.Muang Nakhon Prathom 73000	23,585 Parking 203 cars
Ratch Buri : 280 Moo 2 T.Chedee Hak A.Muang Ratch Buri 70000	22,135 Parking 208 cars
Kalasin : 193 Moo 10 T.Lam Phan A.Muang Kalasin 46000	18,250 Parking 237 cars
Nakhon Sawan : 99/6 Moo 10 T.Nong Kot A.Muang Nakhon Sawan 60240	20,030 Parking 259 cars
Maha Sarakam : 99/6 Moo 10 T.Nong Kot A.Muang Nakhon Sawan 60240	23,650 Parking 317 cars
Nong Khai : 365 Moo 6 T.Nong Kom-Kao A.Muang Nong Khai 43000	24,290 Parking 266 cars
Nakhon Ratchasrima : 493 Moo 2 T.Ban Kao A.Muang Nakhon Ratchasrima 30000	31,884 Parking 216 cars
Sakhon Nakhon : 444 Moo 9 Ban Na-Aoy Rd. T.That -Chongchum A.Muang Sakhon Nakhon 47000	24,290 Parking 120 cars
Nakhon Phanom : 151 Pinit Rangsan Rd. T.Nai Muang A.Muang Nakhon Phanom 48000	25,340 Parking 130 cars
Chaiyaphum : 8 Moo 11 T.Nong Nasang A.Muang Chaiyaphum 36000	24,750 Parking 180 cars
Surin : 88 Moo 13 T.Cha Neang A.Muang Surin 32000	24,561 Parking 100cars
Phitsanulok : 9/9 Moo 7 T.Wat Chan A.Muang Phitsanulok 65000	24,454 Parking 100 cars
Lamphun : 161 Moo 5 T.Weing Young A.Muang Lamphun 51000	25,462 Parking 100 cars
Mukdahan : 35/8 Chayangkun Rd . T.Mukdahan A.Muang Mukdahan 49000	27,708 Parking 120 cars

Goals and Objectives

The company's objective is to become the leader in retail business of construction and home improvement segment in Thailand. Our priority is to provide our customers with quality products, services, all at affordable price. In addition, we are continuing to improve our operational efficiency, cost management and customers' experience. Global House will continue to develop and expand our business in a strong and sustainable way.

Revenue Structure

Revenue Structure	Revenue(Units: Million)					
	31 Dec 2010		31 Dec 2011		31 Dec 2012	
	Amount	%	Amount	%	Amount	%
Sale Revenue	5,831.28	97.67	8,187.85	97.58	10,782.57	97.15
- Construction Materials Group	2,169.70	36.34	2,902.03	34.59	3,893.98	35.08
- Furniture Group	3,661.58	61.33	5,285.82	62.99	6,888.59	62.07
- Other Revenue	139.25	2.33	203.36	2.42	316.25	2.85
Total Revenue	5,970.53	100.00	8,391.21	100.00	11,098.82	100.00

Product Lines and Services

The company distributes construction materials, decorative items and gardening products. All in large store warehouse under single roof under the name "Global House". The store contains various categories of construction material and decorative item such as; construction material, roofing, steel, sanitary ware and ceramic tile, paint and chemical, electric and lighting, water system and plumbing, door and window, woodcraft and timber, furniture, tool, electric hardware, more than 90,000 SKUs. Each Global store features average area of 18,000 - 32,000 sq.m. and can accommodate more than 200 cars. The product can be divided into 2 categories.

Products

Type of Goods	Example of Goods	Number of items
1. Construction Materials Group		
- Cement and Structure	Cement Portland, Cement Plaster	91
- Steel, Tack and Wire	Steel Round, Steel Deformed bars	923
- Tile and Equipment Installation	Ceramic Tile, Concrete Tile	3,285
- Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	7,409
2. Hardware and Decorative Group		
- Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	4,930
- Tools	Steels Tools, Wood Tools etc.	17,011
- Electricity and Equipment	Switch, Plug, Cables, Lighting, Home Appliances	18,847
- Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	12,224
- Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	11,146
- Painting and Chemical material	Paints, Base, Oil	7,531
- Furniture Equipment	Flap, Connector, Lock equipment and Placeholder	3,307
- Furniture and Home ware	Closet, Chair, bed	3,050
Total of Goods		89,754

From our concept “All Inclusive for your House”, Global provided the categories of product more than 90,000SKUs. As a result of this, the company adopted “the modern trade Innovation system” to establish large warehouse store. Furthermore, we have divided our store into 2 sections;

Area 1: Shopping Area. This is the place where the customers are able to walk and view the product freely with plenty of service mind staffs who are ready to help and support the customers with the right knowledge immediately.

Area 2: Drive Through Area This is the place where distributes construction material. We prepare many facilities such as forklifts and overhead cranes for customer service. Moreover, in the concept of Drive Through system, customers can drive their vehicles through the store to collect their order, from placing order and driving off the store with the product, all within 10 minute.

Services

As a leading construction material and home improvement retailer we focus on being:

- **Fast** – we provide our customers with a grab & go service. We have a unit called “Speed Man” who is ready to help customer loading customers’ heavy purchased items into their vehicles. We also heavily invest our resource on improving the utilization of Information Technology to speed up our work processes, which ultimately aim to improve service quality.
- **Right** – because we understand that customers expect reliability from us, so we equipped all of our associates with the right knowledge of product and with the customer-oriented mind.
- **Cheap** – customers can expect quality products at a lower-than-market price from us.
- **Easy** – we want to provide an easy and welcoming atmosphere to all our customers.
- **Polite** – all our associates are there to help out our customers in a polite and professional manner.

Special Order – This service provide for the customers who demand the product that the company doesn’t stock in the store.

Satisfaction Guarantee and Return Policy – The Company guarantees the satisfaction of customer. We offer the 30 days cash return policy for most of our product in the store. Customer just needs to bring the product and show the receipt (under the right terms and conditions).

Delivery and Installation Service – The Company provides delivery and installation services for the convenience of customers.

Marketing and the Competition

Industry Overview

In 2012, the overview of the construction materials and home furnishings industry have dramatically grown continuously. The great floods of year 2011 caused damage to business section and public at large. The last year it has been the year of rebuilding homes that impact on the sales of construction materials and home furnishings are highly. Furthermore, the aid policy from the government , The Bank of Thailand has released the Soft Loan project by fixed the loan's interest at 3% for five years for people who want to repair their homes or buy new residents which increased of sales amount. Therefore, the entrepreneurs will had prepared strategy and marketing plan, which cover uncontrollable risks and the higher level of competition.

Competitors

We can divide our competitor into 2 groups:

1. Home Improvement Stores for example:

1.1 Home Pro manages by Home Product Center Public Company Limited under an objective to operate a retailing business. The company distributes construction material, home improvement under the concept “One Stop Shopping Home Center”. Home Pro currently has more than 54 branches.

1.2 Home Works manages by CRC Power Retail Company Limited, which is the same board of Central Retail Corporation. The company also distributes construction material and home improvement. Home Works has 7 branches.

1.3 Thai Watsadu manages by CRC Power Retail Company Limited. The company distributes construction material, home improvement under the concept “One-Stop-Shopping Construction Material Suppliers for Thai”. Thai Watsadu has 25 branches.

1.4 Home Hub manages by Mr. Ongat Tangmitpracha. The company distributes construction material, home improvement under the concept “Home Hub Fast and Easy”. Home Hub has 4 branches. They establish on Ubon Ratchathani for 3 branches and Khon Kaen 1 branch.

1.5 Do Home manages by Ubonwatsadu Co Ltd,. The company distributes construction material, home improvement under the concept “One-Stop Shopping and Cheap at Do Home”. They have 4 branches and establish on Ubon Ratchathani, Nakhon Ratchasima, Pathumthanee (Rung Sit, Klong 7) and Khon Kaen.

2. Specialty Stores for example:

2.1 Small retail store: Home mart, which have the objective to distribute the SCG product. However, the company still lack of the other products such as ceramic tile, paint, electrical equipment and pumping.

2.2 Ceramic and Sanitary ware Center: Boonthavorn, Decormart, Grand Home Mart, Inter Sanitary Ceramic, and IKEA they all focus on ceramic and sanitary ware product.

2.3 Furniture and decorative: such as Index Living Mall and SB Furniture. These companies sell decorative item, furniture, bed room set, living room set and kitchen accessories for high purchasing power customers.

2.4 Electronic Appliances: Power Buy, it is managed by Central Retail Corporation. Power Mall, it is managed by The Mall Group.

2.5 Specialty Store: such as paint store, pumping store, electrical equipment store hardware store etc. However, this kind of store still lack of diversity in product and operate under traditional trade concept.

Marketing Strategy

The company aim on the Differentiation Concepts as follows:

Product Differentiation

With the vision of “All Inclusive for Your House”. We offer products that have universal appeal to everyone. More, the company also distributes the special products, which are “Only at Global” products.

Service Differentiation

The Company use Modern Trade System that allows customers to view and touch products freely and provides installation, special order services and professional consult team for the customer with called “Global Pro” to our customers. Furthermore, we always focus on the convenience of customer from the moment they come inside till they leave the store. The customer can drive their vehicles through the store to collect their order via Drive Through System. In addition, we have the 30 days cash return policy, which the customers need to show the recipe with the product.

Culture Personality Differentiation

Global House has policy for employees welcome customers with greetings. The Company aims to build the customer satisfaction-oriented mind with the right knowledge about product in all staffs. Besides, we have the policy that allow customers to chose and view product freely. The staffs will standby and support whenever they require.

Perception Differentiation

Our perception is the large warehouse store, which provides space and comfortable environment for customers to select and view product with comfort. Moreover, Global House has completely different atmosphere and shopping experience from other players.

According to the policies and strategies of the Company, it is focus to improve our store and operation under the “2P3S” concept.

BEST PRICE *Quality product at affordable and fair price*

BEST PERSONAL *Efficient staff always ready to support with service mind*

BEST SELECTION *Wide range of product, universal appeal to all customers*

BEST SERVICE *Greatest service comparable to international standard*

BEST STORE *Improve merchandising, space management and display*

Furthermore, the company also operates follow the 4Ps theory

Product and Service Strategy

The company has more than 90,000 SKUs, which we try to our best to arrange and display them in the most convenience layout that helps customers find what they look for. We focus on the improvement of management strategy in order to provide our services for customers.

1. We established Drive Through system which customers can drive their vehicles through the Drive Through area to pay, get a receipt and collect their order within 10 minutes.

2. We use Crane for the mains product's transaction to customers' vehicle. Each branch has more than 5 cranes and 4 forklifts to make the fastest service.

3. We adopt logistic concept to manage ceramic tiles storage. We can search and found the ceramic tile which customer require within 1 minute, fastest in Thailand. Beside, each branch has ceramic tile space stock more than 200,000 sq. m.

4. We always improve our merchandising and space management, which could help to manage product easily.

This could reduce product lost and damage to only 0.1 – 0.3%

5. Home delivery service.

Price

The Company's policy have different objective for each product category. For the high turnover product, we set the price to fight the other competitor in order to increase our market share. In addition, we provide product's price by aiming to reach our goal for the low turnover product.

Place

We locate the store based on transportation and distribution factors. Our building follows the concept warehouse store, which comfortable. The store display plenty of product and easy to find under the concept; effective, fast and easy in order to be distribution leader.

Promotion

The Company provides different plans for each product category. We put marketing plan and lower than-market price. Besides, we put marketing plan and provide affordable for the new product which hard to find anywhere else.

Furthermore, the company emphasis our policies on marketing segmentation in order to increase our market share.

1. Advertising – Its objective is to create awareness and perception in the name "Global House". The customer should know our concept, place, product, service time and date. We also attempt to improve our perception to be the large Home Center where 'Convenience', 'Fast Service', 'Quality Products', all within the 'Reasonable Price' by using various of media such as local radio, billboard, publication media, point of purchase display and direct mail, etc.

2. Promotion – Its objective is to stimulate customer's purchasing, increase demand and support advertising attempt. For example, discount, special event, complete for prize or reward, free delivery, collect point for redeem, etc.

3. Public Relation – Its objective is to create awareness, creditability and avoidance of clutter, lend generation, image building and reduce advertising cost. Our targets are customers, mass media, financial institution and local business. We use activities such as new branch press conference, interviews and activities.

Target Market

The company divided core target market into 5 groups:

1. End-User.
2. Small construction distributor who purchased our product for selling propose
3. Construction service group who purchased our product in order to use in their small project such as decoration and repair for end-user.
4. Construction service group who construct big project such as property, hotel, resort and apartment.
5. Government and private agencies

Distribution trend currently come from end-user and both small and medium construction service.

Procurement and Management

Procurement

Procurement is managed and operated by our experienced team of buyers located in Roi Et head office. The department always searches for new products by following the concepts below:

1. Offering from Manufacturers
2. Sourcing team study the market and source new products accordingly
3. On basis of Customers' preferences

Sourcing

The company distributes construction materials, decorative items and gardening products. All in the huge store warehouse under the same roof. The products separate into 2 sections:

1. The company purchased products from local manufacturers as the product line. We have many of suppliers for more than 400 suppliers. We have supported each other in advertising, public relation, promotion and grand opening event for the new branches.
2. The company also purchased products from Chinese and Indonesia manufacturers. The import products are granite tiles, glass brick, spa bathtub, shower curtain, plywood, steel door, hardware, knob, lamp, insulation, switch and plug, etc.

The Environment

We try our best to look after the Environment, from the designing of the building to daily operations that stress the importance of power saving policy. We look for new ways to design and build our store to be as energy efficient as possible. Not only that it saves our expenses, it significantly helps the environment and reduces CO2 emission.

Risk Factors

Risk factors that may affect to the Company's performance in the future are as follows.

Business Risk

In 2012, the company has opened 7 new branches i.e. Sakon Nakhon , Nakhon Phanom ,Chaiyaphum ,Surin ,Phitsanulok ,Lamphun and Mukdahan . Now, company has 20 branches in 20 province i.e. Roi Et, Khon Kaen, Udon Thani, Chiang Mai, Rayong, Chonburi,Nakorn Pathom, Ratchaburi, Kalasin, Nakorn Sawan, Maha Sarakham, Nongkhai, Nakhon Ratchasima , Sakon Nakhon , Nakhon Phanom ,Chaiyaphum ,Surin ,Phitsanulok ,Lamphun and Mukdahan. The Company still has 7 branches which have been construction i.e. Phare ,Nan ,Lampang ,Sukhothai , Kampaengphet, Ban Phai (Khon Kaen) and Ubon Ratchathani which would be opened in 2013.

As, the investment in opening more new branch has to spend money around 300 - 400 million baht. So, the cost of high investment would be risk business if company could not complete the objective on time. The uncontrollable factors can also be effected any problem to company (for example, the business crisis in Thailand, the world business crisis, changed government in the country, and customer behavior).

In addition, to invest in new store, the company does probability research and analyze the environment of business and customer target in the area that company will get business into that area. Moreover, the company has more experience than 20 years of home improvement business. It is easy to find cheaper price than competitors about small cost of land and material of construction.

Financial Risk

The main financial risks are the availability of short and long-term funding to meet business needs and fluctuations in interest and foreign currency rates, which are heightened by the turbulence in the financial markets and the downturn in the economic environment. So, company try to manage any financial risks by using in vary bank credit services both short-term and long-term services. The company also control any risk within the fluctuation of foreign exchange rates by bough any forward rates to defend any risk if occur. The treasury function is responsible for managing the Company's liquid resources, funding requirements, and interest rate and currency exposures and the associated risks. The Company has strong policy on controlling and managing credits given to customers using records of customer credit ratings for customers we traded in the past. The company also has good support from suppliers with credits terms.

In addition, the company policy is to sell our product mostly in cash and hence most of our revenue is in cash. As in 2010 the proportion of cash sales was 98.07% in 2011 was 98.66% and in 2012 was 99.93 %. The figures is showing a decreasing trend as the Company is paying a lot of attention giving credits and only consider reliable projects and customers. As at December 31, 2012 the Company has account receivable of 15.21 million Baht.

However, for the credit sales, the Company will consider only project that has reliable financial status, which the company has analyzed the result of operation and financial status or having the contractor place with a letter of guarantee as security against debt payment, etc. Besides, the receivables that are more than 6 months but not exceeding 12 months, the allowance for doubtful bad debts is set to be 50% and for the receivables that exceeding 12 months, the allowance for doubtful bad debts is normally set to be 100%. In 2012 ,the Company had almost no debt at all.

In November 2012,the Company has received funding about 3.0 billion Baht by subscription for 224 .00 million newly issued ordinary shares for selling to SCG Distribution Co., Ltd. The Company's liquidity improved and repayment long -term loans of banks.

Inventory Risk

As at December 31st, 2010, December 31st, 2011, and December 31st, 2012, the Company had inventory of 2,680.90 million Baht, 3,093.59 million Baht, and 4,974.85 million Baht respectively, or in percentage to total asset are 45.70% , 37.19% and 41.43% . In addition, the risks of inventory could be becoming damaged, lost, and obsolete. As for mitigation, the Company has plans and practices in place to manage inventory risks such as providing various channels and campaign (i.e. reduce price, buy one get another one for special price, and send coupon for complete any prize) to reduce slow moving stock. Moreover, The Company also performs stock check regularly as well as appointing stock management team for each store to manage and oversee stock at the store. The company also set the

management team at the head office to recheck the performance to get rid any problem that might occur. So, the company can well control and solve any problem effective and efficiency.

Competition Risk

The Company operates a retail business with products relating to houses and residential places where there are both direct (i.e. Home Pro, Home Mart, Thai Watsadu, Home Hub, and Do Home) and indirect competitors such as retailing shops, department stores, specialty stores, and general small retail shops. As, they will have gained some market shares. The Company will be effected by miss some target or some sales. So to avoid the affect, the Company has differentiated strategy. We do also offer a variety of products (more than 90,000 items) and complete more range of services. Furthermore, the Company do also outsource from the vary supplier to reduce the lack of product.

Volatility of the Cost of Product

As, the cost of product can fluctuate from economic situation. This will caused some products that company sell in store. So, company has policy about vary price to control the product cost and do not have problem in inventory turnover. The company can also determine cheap price because it buys any product directed from the manufacturing.

Conflagration Risk

As, the conflagration can damage life and destroy any products. So, the company has policy of fire protection by set up the first aid tools to prevent the unexceptional from fire such as fire extinguisher and rubber tube for water which can find in the proper area around the store. The company also check those tools everyday. Moreover, we also specify and train our staffs about how to do when the conflagration is happened. In addition, the company have been done the Residential and Commercial Property Insurance to defend any caused that can effect to company. We have to concern about the money value from supplier every time because we have to assure that our company are in the protection zone.

Natural Disasters

The great flood crisis in the year 2011 made the management was aware of the safety of building and goods .Therefore, the building and surrounding area was designed to prevent flooding for the construction of new branches. In addition to designing the building the Company has also insured cover the damage from natural disasters to the building and goods. The last year ,Nakhon Prathom branch in parking area have been damaged by the storm. But the Company has received compensation from the insurance company completed.

Customer's value and Obsolete Products Risk

The Company is the distributor of construction materials and furnishing products ,that some kind of goods will be popular for a while only .That the Company may not sell the obsolete goods. Therefore, the Company managed by transferred those products to other branches or made the in stores promotion to reduce amount of obsolete goods. Furthermore, the Company has authority to negotiate with the suppliers that can change the new products replace the obsolete products, which reduced the risk of changes in the value's customers and the obsolescence products .

Foreign Currency Volatility

The products in store are both domestic and import from international. As, the fluctuation of exchange rate will be gain some problem because we cannot predict the world situation. So to reduce the risk of exchange rate, the company has policy to follow the foreign currency volatility. In addition, the company has to control any risk within the fluctuation of foreign exchange rates by used any forward Contract from bank on December 31, 2012 to defend any risk if occur. The volume of monetary is 220 million baht. However, company did not use those money until now because it is not effected to company.

Fraud

The company has a strong control framework in respect of potential fraud or other dishonest behavior, which is regularly reviewed by internal audit. A set of policies is in place to provide colleagues with clear guidance on behavior. In addition, there are 'whistle blowing' procedures in place to enable colleagues to raise concerns about possible improprieties on a confidential basis. Internal audit undertakes detailed investigations and highlights its findings to the Audit Committee.

Assets

Company's Asset for business operation as at 31st December 2012

List of property	Amount (Unit: Thousand Baht)
Land and Improvement(Cost)	2,859,936
Land and Improvement (Re-valuation)	1,230,762
Plant &Equipment-(Historical Cost)	2,305,790
Plant &Equipment-(Revaluation)	911,496
Plant &Equipment(Work in process)	144,601
Advance Payment-Land	46,920
Vehicles	135,354
Computer Programs	6,673
Total	7,641,532
<u>deduct</u> Accumulated Depreciation-(cost)	- 761,980
Accumulated Depreciation- (Revaluation)	- 384,622
Accumulated Amortization	- 3,171
Net fixed assets (Include Software)	6,491,759

Note: Asset value from the table above also has provided in section 8-9 and as at 31st December 2012, the company has mortgaged a property and most of building in order to guarantee its credit from financial institutions (Collateralized Debt Obligation) which provided in section 10 of note to financial statement.

Investment As at 31st December 2012

Investment in Subsidiaries and Cooperation

Our policy aims to invest in benefit business or high growth industry and consider on income. The company assigned committees to supervise subsidiaries, while the number of committee is depending on shareholding. However, the company hasn't planned to invest in any subsidiaries and cooperation yet.

Intangible Asset

As at 31st December 2010, 2011 and 2012, the company has total intangible assets of 4,066,372 Baht 4,109,710 Baht and 3,502,054 Baht respectively. The company's intangible asset is computer program. Furthermore, the company has registered house brands as you can see in the below:



We are providing more alternatives for customer. Global house has registered house brands of good quality product and reasonable price. With the efforts of our Procurement team, we could provide longer guarantee service and low cost products that could make the company become the leading player in the industry.

Capital Structure

Security

As, at December 31, 2012, the Company has the authorized capital of 2,239,999,926 Baht. The common stock of 2,239,999,926 shares, there are paid-up capital amount 2,151,671,784 Baht and par values at 1 Baht per share.

The top shareholders holding the shares on the closing date as of December 31, 2012

Suriyawanakul Family

Rank	Name			Shares	Percentages(%)
1	Mr.	Witoon	Suriyawanakul	375,989,584	17.47
2	Mr.	Anawat	Suriyawanakul	270,942,964	12.59
3	Mrs.	Warunee	Suriyawanakul	106,552,362	4.95
4	Ms.	Kunnatee	Suriyawanakul	18,000,080	0.84
5	Mrs.	Rattanawadee	Suriyawanakul	16,509,693	0.77
6	Mr.	Kriangkai	Suriyawanakul	16,142,560	0.75
7	Ms.	Pathumwan	Suriyawanakul	2,152,018	0.10
8	Mrs.	Karuna	Suriyawanakul	1,200,000	0.06
9	Mr.	Yutthana	Suriyawanakul	540,000	0.03
10	Mr.	Wibool	Suriyawanakul	510,000	0.02
11	Mr.	Witthaya	Suriyawanakul	400,000	0.02
12	Mr.	Phongkorn	Suriyawanakul	334,000	0.02
13	Mr.	Apilas	Suriyawanakul	220,000	0.01
14	Mr.	Phichit	Suriyawanakul	3,000	0.00
15	Ms.	Nipapan	Suriyawanakul	1,800	0.00
Total				809,498,061	37.62

Top Ten Shareholders other than the "Suriyawanakul" .

Rank	Name			Shares	Percentages(%)
1	SCG Distribution Company Limited			672,306,284	31.25
2	Mr.	Jearanai	Lerdrachkul	43,804,940	2.04
3	Thai N V D R Company Limited			39,281,860	1.83
4	SOMERS (U.K.) LIMITED			34,557,080	1.61
5	Mrs.	Pitchaya	Boonprasom Poonlarp	33,010,700	1.53
6	Mr.	Boonyong	Thanyawu	26,100,000	1.21
7	Mr.	Phittaya	Mahithiwanitcha	22,700,000	1.05
8	Phatra Capital Public Company Limited			19,750,000	0.92
9	Government Pension Fund (EQ-TH)			18,738,500	0.87
10	Mrs.	Suthathip	Thechakunnawut	17,990,410	0.84
Total				928,239,774	43.14
Others				413,933,949	19.24

GLOBAL-W

The Company has issued warrants (GLOBAL-W) to purchase ordinary shares to the existing shareholders, at the rate of 4 existing shares per 1 unit of warrant on May 19, 2011 total amount 239,999,983 units. The First Right of Exercise Ratio is "1 unit warrant can buy 1 new ordinary share." at the exercise price is Baht 7.50 per share .The warrant (GLOBAL-W) holders can exercise their rights on 18 November 2011, 18 May 2012, 16 November 2012, and 17 May 2013 . As at 31 December 2012 the GLOBAL-W's holders were exercised the rights to the ordinary shares on 18 November 2011, 18 May 2012 and 16 November 2012 total 188 holders equal the new ordinary shares totaling 197,686,464 shares .The remaining of warrants (GLOBAL-W) are 73,606,783 units and the summary of the GLOBAL-W's holders as at 31 December 2012 are as follow.

Suriyawanakul Family

Rank	Name			Shares	Percentages(%)
1	Mr.	Anawat	Suriyawanakul	2,000,000	2.72
2	Mr.	Witthaya	Suriyawanakul	775,000	1.05
3	Mr.	Wibool	Suriyawanakul	450,000	0.61
4	Mr.	Yutthana	Suriyawanakul	275,000	0.37
5	Ms..	Pathumwan	Suriyawanakul	214,002	0.29
6	Mr.	Kriangkai	Suriyawanakul	48,600	0.07
7	Mr.	Apilas	Suriyawanakul	25,000	0.03
8	Ms.	Nipapan	Suriyawanakul	250	0.00
Total				3,787,852	5.15

Top Ten GLOBAL Warrant's Holders other than the "Suriyawanakul"

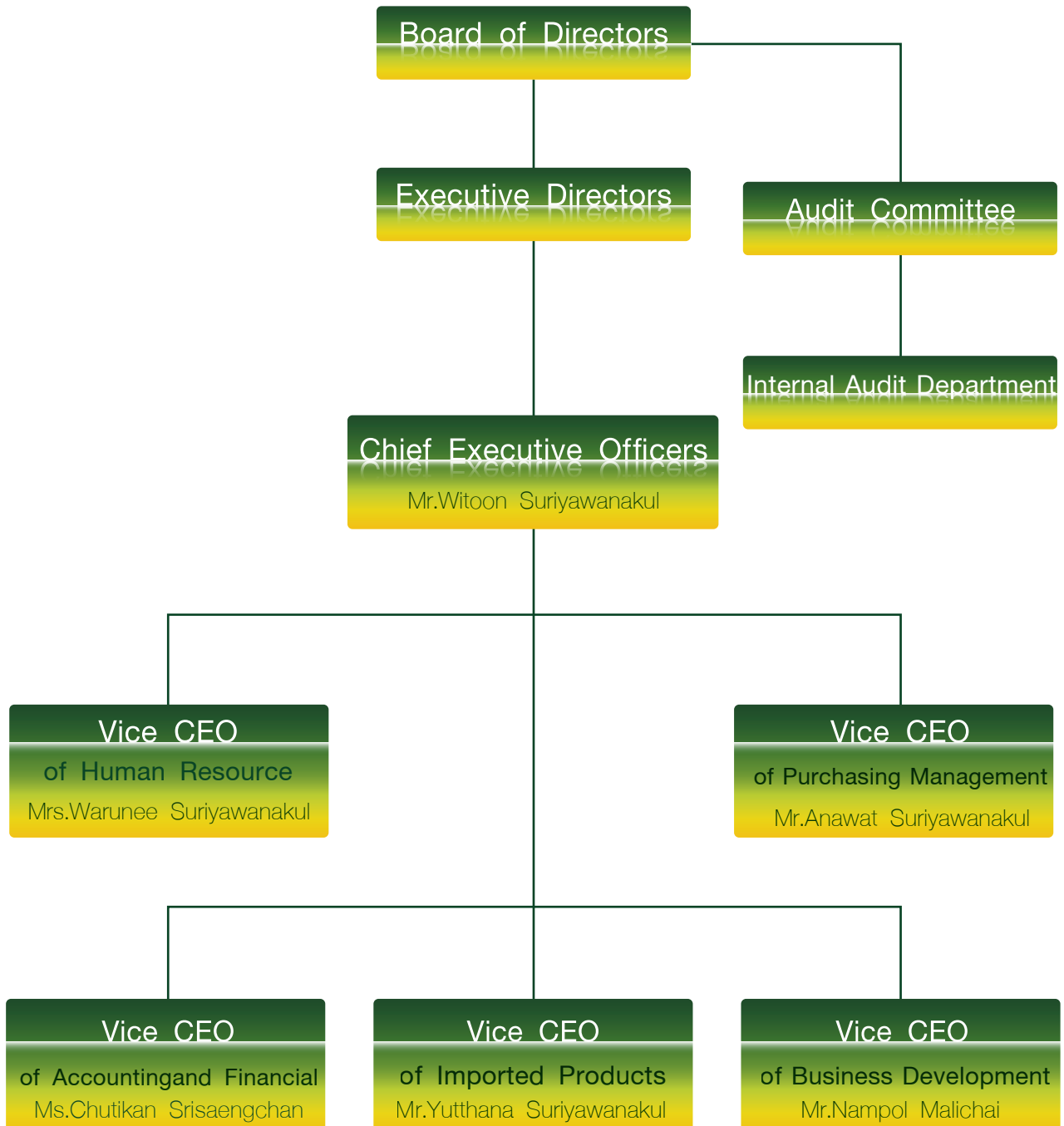
Rank	Name			Shares	Percentages(%)
1	Mr.	Ake	Tangmaneenimitr	11,600,000	15.76
2	Mrs.	Paween	Kositjiranan	4,356,500	5.92
3	Mr.	Channarong	Thechaamonthanakit	3,190,000	4.33
4	Ms.	Wasana	Chaipromprasit	3,008,700	4.09
5	Mr.	Weerawat	Chutichettapong	3,000,000	4.08
6	Mrs.	Pitchaya	Boonprasom Poonlarp	2,500,000	3.40
7	Ms.	Bongkot	Nimsomboon	2,463,000	3.35
8	Mr.	Wirunsak	Poonlarp	2,049,100	2.78
9	Mr.	Witthaya	Narathasjan	1,995,900	2.71
10	Mr.	Soomboon	Rotchanaporn	1,563,000	2.12
Total				35,726,200	48.54
Other				34,092,731	46.32

Dividend Policy

The Company has the policy to pay dividend to shareholders not less than 30% of the net profit of each year after deducting the legal reserve. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

Management

The Organization Chart as at 31 December 2012



Management

The structure of Company's management consists of the Board of Directors, Sub-Committees, The Audit and the Risk Management Committees, and Nomination and Remuneration Committees, the details as follow:

Board of Directors

Board of Directors has totaling 10 persons, consisting of 4 Independent Directors, 3 Directors who is management, and 3 Non-Executive Directors, as follows:

Name of Directors	Position
1. Mr. Apisit Rujikeatkamjorn	Chairman / Independent Director
2. Mr. Witoon Suriyawanakul	Director
3. Mr. Anawat Suriyawanakul	Director
4. Mrs. Warunee Suriyawanakul	Director
5. Assoc. Prof. Dr. Montree Socratyanurak	Chairman of Audit & Risk Management Committee/ Independent Director
6. Assoc. Prof. Phornsiri Thivavarnvongs	Audit & Risk Management Committee/ Independent Director
7. Mr. Surasak Chuntori	Audit & Risk Management Committee/ Independent Director
8. Mr. Kajondech Saengsuphan	Director
9. Mr. Aree Chavalitchiwinkul	Director
10. Mr. Nithi Phatrachok	Director

Note: 1) Assoc. Prof. Dr. Pongsak Suriyawanakul , Mr.Yuttana Suriyawanakul and Ms. Chutikan Sriseangchan resigned from the Board of Directors on 23 November 2012 . Mr. Kajondech Saengsuphan ,Mr. Aree Chavalitchiwinkul and Mr. Nithi Phatrachok to take the place of 3 directors who resigned.

2) From the first Meeting of the Board Director (1/2012) on 15 February 2012, they will be changing their secretary of Board Director to be Ms. Siriwan Na Nan to take the place of Ms. Chutikan Sriseangchan.

Authorized Signatory Directors of the Company

1. Mr. Witoon Suriyawanakul signing and affixed thereto with the Company's official seal or
- 2.Mr. Anawat Suriyawanakul, Mrs. Warunee Suriyawanakul, and Mr. Nithi Phatrachok signing jointly two persons out of three and affixed thereto with the Company's official seal.

Functions and Responsibilities of the Board of Directors

1. To carry out activities prudently and in compliance with related governing laws, the objectives of the Company, and the corporate governance policies.
2. To protect the Company's interests and for the benefit of shareholders. To disclose accurate information related to the business to the public.
3. To consider policy, vision, work plans and key strategies, as well as ethical standards for business operations, and to supervise and monitor Management, to ensure that they perform duties efficiently and are in compliance with the Company's policies.
4. Consider and approve the structure of Authorization.
5. To monitor the operational results of the Company and any other key progress criteria, to monitor the implementation of internal control and audit systems; to comply with all regulations and related governing laws; and to ensure appropriate risk management.
6. To consider the corporate investment to expand business and to consider joint-venture investment with business partners and other related parties.
7. To ensure that financial reports are complete, accurate, reliable and timely, and are prepared in compliance with generally accepted accounting principles.
8. To carefully select and assign managing directors and determine their functions and responsibilities.

However, the Director is unable to vote if himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

The following instances requires to pass resolution in the Board's Meeting and the Shareholders meeting with votes exceeding three-in-four (3/4) of all shareholders with rights to votes who attend the meeting.

- Selling or transferring all or significant amount of shares
- Buying or receiving shares from other companies in the name of the Company
- Signing, changing, or canceling of lease of company in significant amount.
- Altering or changing of memorandum or regulations
- Fundraising, Fund reducing, issuing corporate bond, merging or closing.

Sub-Committee

From the Second Meeting of the Board of Director (2/2012), the Board Director have made an adjustment to decrease the number of Sub-Committees from 5 committees to be 3 committees on 28 April 2011. This adjustment would be flexible to manage and useful for the company.

1. Executive Directors

Name of Directors			Position
1.	Mr.Witoon	Suriyawanakul	Chairman of the Executive Director
2.	Mr.Anawat	Suriyawanakul	Executive Director
3.	Mrs.Warunee	Suriyawanakul	Executive Director
4.	Mr.Yuttana	Suriyawanakul	Executive Director
5.	Ms. Chutikan	Striseangchan	Executive Director

Functions and Responsibilities of Executive Directors

1. Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.
 2. Lay out strategies and directions for the company under the framework and boundary of goals and objective of the business and/or policy of business.
 3. Propose appropriate investment and/or fundraising plans to the Board of Directors and/r the Shareholder's meetings.
 4. Consider and approve business consultants necessary to business operations.
 5. Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.
 6. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.
 7. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
 8. Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
- However, the Executive Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

2. Audit and Risk Management Committees

Name of Directors			Position
1	Assoc. Prof. Dr. Montree	Socatiyanurak	Chairman of Audit & Risk Management Committee/ Independent Director
2.	Assoc.Prof.Phornsiri	Thivavarnvongs	Audit & Risk Management Committee
3.	Mr. Surasak	Chuntori	Audit & Risk Management Committee

Note: - Assoc. Prof. Dr. Montri Sokhatiyannurak and Assoc. Prof. Phonsiri Thiwawanwong have well knowledge about accounting and financial management.

- From the first Meeting of the Board Directors (1/2012) on 15 February 2012, Ms. Pornpip Srithan has been designated as secretary of the Audit and the Risk Management Committee.

Roles of Audit and Risk Management Committee

Functions and Responsibilities of the Audit Committee

1. To control and monitor the Company's financial reports to ensure that they are complete, adequate and reliable.
2. To monitor the auditing process and internal control systems of the Company to ensure that they are appropriate and efficient.
3. To supervise and ensure that the Company acts in compliance with the regulations imposed by the SET and the SEC and related governing laws.
4. To select and propose the appointment of the statutory auditor of the Company.
5. To consider the disclosure of information regarding connected transactions or transactions that might have conflicts of interest, to ensure it is accurate and complete.
6. To prepare the Audit Committee Report as disclosed in the Company's Annual Report to be in compliance with the provisions imposed by the SET and the SEC.
7. To perform any other tasks that may be delegated by the Board of Directors.

Functions and Responsibilities of the Risk Management Committee

1. To determine and principles and framework for proper risk management to the Board of Directors.
2. To consider and analyze all risks and problems that may arise
3. To consider and approve risk management plans
4. To report to the Board of Director about the risks and plans in place that may affect the corporate objectives and operation
5. To monitor the risk in each function of operation
6. To monitor risk of false reports including internal and external reports and documentation
7. To monitor that the business operates and govern in compliance with governing laws and regulations.

However, the Risk Management Committee is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

3. Nomination and Remuneration Committees

Name of Directors	Position
1. Mr. Witoon Suriyawanakul	Chairman of the Nomination and Remuneration Committees
2. Mr. Surasak Chanthori	Director of the Nomination and Remuneration Committees
3. Mr. Anawat Suriyawanakul	Director of the Nomination and Remuneration Committees
4. Mr. Yuttana Suriyawanakul	Director of the Nomination and Remuneration Committees

Functions and Responsibilities of the Nomination and Remuneration Committees**1. Selection of Directors**

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director, by considering persons who have knowledge, capability and experience as required by the Company.

Criteria for selection of the Directors are as follows:

1. The Nomination and Remuneration Committee nominate and select appropriate persons and consider appropriate remuneration. The Board of Directors consists of at least 5 directors (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations. The Directors can be major shareholders.)

2. Propose the nomination to the shareholders meeting in compliance to regulations and corporate procedures as follows:

2.1 Each shareholder has the vote equivalent to one vote per one share held.

2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.

2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any persons who have been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.

3. In the shareholder annual meeting, one third of directors must be retired. In case one third of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.

4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.

5. In the event that Directorial positions become vacant due to other reasons apart from the completion of term, the Nomination and Remuneration Committee nominate and select the new Director in accordance with the criteria of selection. The persons must have knowledge, capability and experience as required by the Company, and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. Upon approval, the Nomination and Remuneration Committee will propose to the Shareholders Meeting in order to be adopted for the appointing as the Directors of the Company. In case the remaining term of the director is less than 2 months, the new appointed director will have the same remaining term as director replaced. Resolutions of the Board of Directors as per above must be accompanied by a vote of not less than three in four of the remaining number of Directors.

6. Nominate names of directors to the Board and elect a Chairman in the meeting and select one or more Vice Chairman as appropriate. Vice Chairman receive duties from the Chairman.

2. Determination of Remunerations

The remuneration for Directors, Committees, Sub-Committee, Managing Directors, and employees are proposed from consideration at the Board's meeting and/or Shareholders meeting. The roles and responsibilities are as follows:

1. Propose methods and/or principles of determining remuneration to the Shareholders meeting for resolution. Remunerations are considered according to the resolution unless any changes are made in at the Shareholders meeting. The Company also makes some allowance and welfare for Directors in accordance to Company's regulations.

2. Propose methods and/or principles of determining remuneration and welfare for Sub-Committee appointed by the Board taking into consideration of their roles and responsibilities.

3. Propose methods and/or principles of determining remuneration and welfare for the Chairman of Executive Directors and Executive Directors taking into consideration of their roles and responsibilities.

4. Propose methods and/or principles of determining remuneration and welfare for the employees taking into consideration of their roles and responsibilities.

5. Consider and finalize the budget for adjusted salaries and other monetary incentives

6. In the consideration of determining the remuneration and welfare, The Nomination and Remuneration Committee are delegated to call meetings and related documentations from related bodies within the organization for consideration.

7. Any expenses in determining the remuneration and welfare, including the consultancy fees and/or other administrative expense, will be the obligation of the Company.

8. Perform and tasks and assignments assigned by the Board of Directors.

However, the Nomination and Remuneration Committee is unable to approve transaction that himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

Independent Directors

Definition and Quality of Independent Directors

Under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, Independent Directors:

1. Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest (implicitly including related persons as stated in Section 258 of the SEC's Act B.E. 2535.)

2. Have no management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.

3. Have no business relationship with the Company, its affiliates, or its associated companies; and do not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest, for at least 2 years before accepting the duty of Independent Director.

4. Have no close relatives, or persons related in a way that may lead to a lack of independence from the management or major shareholders of the Company, its affiliates, or its associated companies, or its juristic persons that may impose conflicts of interest.

5. Must not be appointed to protect the interest of any director or major shareholders.

6. Must not be any directors of company's affiliates or its associated companies.

7. Capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company and report result of duty performing as assigned by the Board of Directors, not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.

Selection of Independent Directors

The Board of Directors search and select names of Independent Director with requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations, and propose to the Board's Meeting and/or Shareholders meeting for resolution.

Executive Officer

Name		Position
1.	Mr. Witoon Suriyawanaku	Chief Executive Officer
2.	Mr. Anawat Suriyawanaku	Vice CEO-Purchasing Department
3.	Mrs. Warunee Suriyawanaku	Vice CEO-Human Resource
4.	Mr. Yuttana Suriyawanaku	Vice CEO-Imported Products
5.	Ms. Chutikan Sriseangchan	Vice CEO-Accounting and Financial
6.	Mr. Nampol Malichai	Vice CEO-Business Development.

Authority of Chief Executive Officer

The Managing Director has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manages the Company according to the framework and corporate governing policy, and maintain the best interest of the Company and shareholders. Roles and responsibilities are detailed as follows:

1. Manage, monitor, and control normal operations of the company
2. Manage the company as assigned by the Board of Directors
3. Manage and oversee the overall operation of the company according to the policy stipulated by the Board of Directors

Directors

4. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the plans and budget stipulated by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

5. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.

6. Consider, plan, and prioritize business strategies and fundraising for the company to propose for approval to the Board of Directors.

7. Have the authority to employ, dismiss, and lay off any employee at any level.

8. Have the authority to open and close any of company's saving account at any institutions to facilitate the operation of the company.

9. Propose for approval any appropriate consultants necessary for the company to the Board of Directors.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

Any other roles other than stated above are out of Authorization, except for being entrusted at the Board of Directors' meeting in a case-by-case manner.

Remarks: Structure of Authorization is detailed as follows:

Position	Movables		Real Estate		Purchase for Tools Operation per Month
	Per Purchase	Per Sale	Per Purchase	Per Sale	
Board of Executive Directors Committee	50,000,000	50,000,000	300,000,000	100,000,000	According to Normal Business Operation
Chief Executive Officer	10,000,000	10,000,000	10,000,000	10,000,000	According to Normal Business Operation
Vice Chief Executive Officer	500,000	500,000	500,000	500,000	According to Normal Business Operation

Note: As the quantity of procured goods for sell and for internal use vary with the demand of customers and the need for internal use, together with cost of goods, may results in an exceptional high quantity of order. As a consequence, it is not feasible to specify the exact financial amount. However, the principles and framework of practice of the company are followed.

Selection of Directors and Executive officers

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director that selected the person who has knowledge and experience.

Criteria for Selection of the Directors are as follows:

1. The Board of Directors consists of at least 5 Directors, not exceeding 15 Directors are appointed in the Shareholders' Meeting, (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations).

2. The appointment of Directors at the shareholders' meeting in compliance to regulations and corporate procedures as follows:

2.1 Each shareholder has the vote equivalent to one vote per one share held.

2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.

2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any person who has been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.

3. In the shareholder annual meeting, one third of directors must be retired. In case one third (1/3) of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.

4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.

5. In the event where a director is voted to dismiss prior to the completion term, the votes must be more than three in four (3/4) of the shareholders attending the meeting with the right to vote.

Criteria and Selection of Audit and Risk Management Committee as follows:

Audit and Risk Management Committee must be the Director of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 person with knowledge, capability and experience in Accounting and Finance.

Criteria and Selection of Nomination and Remuneration Committee as follows:

Nomination and Remuneration Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

Criteria and Selection of Executive Directors as follows:

Executive Directors must be the Directors of the Company appointed by the Board of Directors. The Board of Directors considers the number of the Executive Directors and the Board of Director will appoint one Chairman of Executive Director.

Remuneration for Directors and the Executive Officers

Remuneration in monetary terms

1. Remuneration for Directors

Remuneration for Meeting : In the annual Shareholders' Meeting on April 28, 2011, the meet has passed the resolution on the remuneration for Directors and the Audit Committees with the amount of not exceeding Baht 6,000,000. Details of remuneration payment are as follows.

No.	Name of Directors	Remuneration Per meeting
1.	Mr. Apisit Rujikeatkamjorn	25,000
2.	Mr. Witoon Suriyawanakul	20,000
3.	Mr. Anawat Suriyawanakul	20,000
4.	Mrs. Warunee Suriyawanakul	20,000
5.	Assoc. Prof. Dr. Pongsak Suriyawanakul	20,000
6.	Mr. Yuttana Suriyawanakul	20,000
7.	Ms. Chutikan Sriseangchan	20,000
8.	Assoc. Prof. Dr. Montree Socratyanurak	20,000
9.	Assoc. Prof. Phonesiri Thivavarnvongs	20,000
10.	Mr. Surasak Chuntori	20,000
11.	Mr. Kajondech Saengsuphan	20,000
12.	Mr. Aree Chavalitchiwinkul	20,000
13.	Mr. Nithi Phatrachok	20,000

***Note:**1) In the event of meeting of other directors, the Chairman of that meeting will receive remuneration of Baht 25,000 each meeting and the Directors will receive remuneration of Baht 20,000 per person per meeting.

2)Assoc. Prof. Dr. Pongsak Suriyawanakul , Mr.Yuttana Suriyawanakul and Ms. Chutikan Sriseangchan resigned from the Board of Directors on 23 November 2012 . Mr. Kajondech Saengsuphan ,Mr. Aree Chavalitchiwinkul and Mr. Nithi Phatrachok to take the place of 3 directors who resigned.

Remuneration Of Directors	2010		2011		2012	
	Number of Directors	Amount (Baht)	Number of Directors	Amount (Baht)	Number of Directors	Amount (Baht)
Attendance of Payment for directors	10	1,395,000.00	10	1,285,000.00	10	1,990,000.00
Remuneration	5	1,100,750.00	5	1,160,000.00	5	945,000.00

2. Executive Remuneration.

Remuneration of Executives Directors	2010		2011		2012	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	5	11,620,800.00	5	15,600,000.00	5	22,020,000.00
Bonus	5	2,421,000.00	5	2,784,233.50	5	2,628,237.00
Provident Fund	5	338,619.00	5	438,156.00	5	468,000.00
Social Security	5	45,000.00	5	45,000.00	5	31,500.00
Others	5	1,714,200.00	5	1,713,840.00	5	2,795,847.00
Total		16,139,619.00		20,581,229.50		28,703,584.00

Remuneration for Non-Monetary Term

In 2011, IAS 19 : Employee Benefits announce that company have to keep Additional Expense in reserve for the employees who will be retired and/or quit (These payments are the policy by Department of Labor Protection and Welfare). The Additional Expense as at 31 December 2012 amount 2,587,684.80 Baht.

Corporate Governance

The company strictly performs business under the rules and regulations of the Stock Exchange of Thailand and can be categorized into 5 groups:

Rights of Shareholders

The Board of Directors of the Company gives the importance to the right of shareholders by not performing any act that violates or lessens the rights, and to facilitate the exercise of rights on various matters. Shareholders will be protected under the basic rights as follows:

1. Shareholders will be provided with information relating the annual Shareholders Meeting such as date, time, place, and the agenda in advance prior to the Meeting. Meeting calling notices including related information and meeting's agenda will be sent to Shareholders at least 7 days prior to the Meeting according to the company's rules or 14 days prior depending on the agenda and/or as stipulated by the laws.
2. The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
3. The company facilitates Shareholders in attendance of the Meeting and in using the right to vote. The company will ensure every Shareholder has equal opportunity to attend the Meeting.
4. In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
5. After the general meeting of Shareholders, the company will consistently keep the Shareholders

informed on the information related to the Company through the Company's Website or the Stock Exchange of Thailand's Website.

Equitable Treatment of Shareholders

The Company values the equality of right of its shareholders. All Shareholders, executive shareholders and non-executive shareholders will be treated equally and fairly.

The Company gives an opportunity to the shareholders to propose agenda and propose the name list to be appointed as directors in the shareholders meeting in advance. And for those shareholders who are unable to attend the meeting, to maintain the rights, they are able to appoint proxies, or to delegate their votes to any independent director in attendance.

The Company has policy to prevent the use of inside information may be exploited for personal benefits and has disclosed to staff, executives, and associates of the Company. The company appointed the Board of Directors to control and decide on disciplinary actions and measures against any exploitation of inside information. In case any of company's Directors exploit this information for personal purposes, the Chairman of Executive Director will be appointed to decide on disciplinary action and measure should be taken according to the resolution at the Board of Directors meeting.

Directors and Executive Directors disclosed information that may conflict interests of their own and others for the Board to examine any business transactions that may have conflicts of interest and to make decision of what is best for the Company.

To protect the potential conflict of interest, the Board of Director has devised Good Corporate Governance and Code of Conduct for Directors, Management and employees must strictly comply with the following:

1. Report of conflict of interest will pass upon the consensus of the Board of Director. The Audit committees have to perform its duties and responsibilities to review the Connected Transactions. The approval of the connected Transactions has to set to maximize the benefit of the Company. It has to ensure the fairness and reasonableness of the transactions and determine the price according to the market price. Anyone who benefits or conflict with the Connected Transactions will not in included in the resolution of such transactions for fairness and the maximum benefits of the Company. If the Connected Transaction is within the confinement of rules, notice, orders, or regulation of the Stock Exchange of Thailand, the Company will follow such rules.

2. Protection of private use of internal information – the Company has policy to prevent the Directors and associates from using the inside information for private use. Once the resolution is passed by the meeting and approved by the Audit Committee and notice the Stock Exchange of Thailand in the following day, hence no Directors and/or Executive Director will be able to take advantage of the inside information for private use.

Roles of Stakeholders

Stakeholders will receive fair and equal treatment in accordance to the related laws from the Company. The Company will not violate the rights, by laws or by agreement between both parties, of any stakeholder. The Board of

Director review of possible activities that promote cooperation between the Company and stakeholders to ensure prosperity of both parties as follows:

- The Company will treat all its employees equally and ensure that they receive fair and appropriate compensation based on their duties and responsibilities.
- The Company will treat its business partners according to the laws and agreement.
- Follow the terms and condition of the borrow and load agreements
- The Company values its customers with respect and care to ensure they will receive products and services at good standard.
- Follow the rules and regulations of competition without any dishonest and illegal acts to eliminate its competitors.
- The company has policy to support the social activities and environment
- The Board of Directors has device a mechanism to support cooperation of all stakeholders which aims to benefits the business and other related parties and disclose important information related to all stakeholders.

Disclosure and Transparency

The Board of Directors has given the importance to the disclosure of information which are accurate, complete, transparent, in timely manner, and equitably distributed to the investor and stakeholders to acknowledge, of both financial reports and material information that affect the value of the Company's Securities which will be disclosed through the publication of the Stock Exchange of Thailand and website of the Company.

There is also a channel to report any clues and acts against above and the Code of Ethics, which would be reported to the Board of Directors as follows:

1. Disclosure of Information, annual report, and updates will be distributed through the channel of the Stock Exchange of Thailand and through the website of the Company.
2. Board of Directors report the resolutions, policies, and performance of the company in the annual report and the website of the company.
3. The duties and responsibilities of the Board of Directors, information of Board's meeting and attendance would be disclosed.
4. The Board of Directors will disclose the policy and information on the remuneration for the Directors and Executive Directors according to their duties and responsibility.

Responsibility of Board of Directors

The Board plays a key role in supervising corporate governance to create maximum benefits for the Company. Each director represents all shareholders, and takes part in promoting good corporate governance within the Company, and in maintaining the rights of, and creating benefits for, all shareholders and other stakeholders. detail as follow:

1. Determine and define the vision, mission, strategies, objectives, business plans, and budget of the Company.
2. Control and regulate each management function closely and accordingly to the objective of the Company.
3. Device an internal audit mechanism and monitor closely with M.R. & Associates Company Limited, which is its Accounting Auditor, to evaluate the internal audit of the Company in the annual Account audit and found no weakness or flaw in the above system.
4. Closely monitor risks and risk management system for the maximum benefit of the Company.
5. The Company encourages all Directors to participate in training courses organized by the Thai Institute of Directors Association (IOD) so as to add to their knowledge concerning their roles in the Company, and apply such learning to their job performance.

Structure of the Board

1. The Company's Board of Directors consists of 10 directors, this exceeds one-third of the Board, of whom 4 were Audit and Risk Management Committees appointed by the board on March 2, 2011 with 3 years term and conduct meeting at least once every quarter.
2. The completion term of the Board is 3 year
3. The qualification and experience of the Independent Directors carefully considered by the Board.
4. The Company determines and defines the duties and responsibilities of the Board's Chairman and the Chairman of the Executive Director to mitigate the absolute power of any individual.
5. The Board elected an Independent Director and the Chairman of the Board of Director. As an independent director, is not a member or chairman of any sub-committee, and is thus able to express his views on the business operations independently. This ensures a balance of power.
6. The Company's secretary has duties and responsibilities to give legal advices required to operate the Company to the Board and coordinate activities according to the resolution granted by the Board.

Sub-Committees

The Board of Directors has appointed directors who have knowledge and skills suitable to be members of Sub-Committees to assist in important matters. The Sub-Committees consist of the Executive Director, the Audit and Risk Management Committees, and the Nomination and Remuneration Committee. The Sub-Committee consists of both Management and Non-Management Directors to secure balance of power to ensure reliability and integrity. Roles and Responsibilities are as detailed previously. **Roles, Duties and**

Responsibilities of the Board

1. Determine and define the vision, mission, strategies, objectives, business plans, and budget of the Company. Manage risks and command related function accordingly to the policy to ensure maximum business efficiency.

2. Perform duties in accordance to Company's policies and plans in writing and reevaluate the policies and plans at least once every year.

3. Ethics book and Code of Conduct in writing is disclosed and distributed to all Directors and employees to ensure reliability and integrity.

4. The Board examines the conflict of interest thoroughly and devices a policy to control such conflicts and look after benefits for the Company. It is the duties of everyone in the Company to avoid any involvement, financially and personally, which may result in conflict of interest with the Company. Anyone with conflict of interest will not be part of any related resolutions.

5. The Board appoints an independent individual or institute to control operation and financial reporting in accordance with the regulation and policies. The evaluation plan has to be reevaluated at least once every year.

Meeting of the Board

The Company holds the Board's meeting at least once every 3 months and addition meeting as required. The meeting's agenda is specified in advance and results are followed up regularly. Meeting calling notices including related information and meeting's agenda will be sent to the Board at least 7 days prior to the Meeting to allow sufficient time for the Board to prepare before the meeting. And in every meeting, Directors are able to comment independently and all comments are recorded in writing to ensure transparency and audit ability.

Statistics of the meetings with number of Meeting attendance during 2010 - 2012

Director's names		Attend / Total Meeting(times)		
		2010	2011	2012
1. Mr. Apisit	Rujikeatkamjorn	4/5	6/6	9/9
2. Mr. Witoon	Suriyawanakul	5/5	6/6	9/9
3.Mr. Anawat	Suriyawanakul	5/5	6/6	8/9
4. Mrs. Warunee	Suriyawanakul	5/5	6/6	9/9
5. Ms. Chutikan	Sriseangchan	5/5	6/6	5/9
6. Mr. Yuttana	Suriyawanakul	5/5	6/6	7/9
7.Assoc.Prof.Dr.Montri	Socatiyanurak	4/5	5/6	8/9
8.Assoc. Prof. Phonesiri	Thivavarnvongs	4/5	6/6	8/9
9. Mr. Surasak	Chuntori	5/5	6/6	9/9
10.Assoc.Prof.Dr.Pongsak	Suriyawanakul	3/3	5/6	7/9

***Note:** Assoc. Prof. Dr. Pongsak Suriyawanakul , Mr.Yuttana Suriyawanakul and Ms. Chutikan Sriseangchan resigned from the Board of Directors on 23 November 2012 . Mr. Kajondech Saengsuphan ,Mr. Aree Chavalitchiwinkul and Mr. Nithi Phatrachok to take the place of 3 directors who resigned.

Board of Director's Self-Assessment

The Board conducts Self-Assessment, which consists of 3 types of assessment; Self-assessment of the entire Board, Self-assessment of each Director individually, and assessment of one another between in Board of Directors. The self-assessment assists and improves the Board to reevaluate the performance, problems, and obstacles arose in the past.

Remuneration for Directors and Executives

The Company appointed the Nomination and Remuneration Committee to determine the remuneration for Director and Executives according to the resolution in the General Shareholders Meeting. The details of the remuneration are in section "Management" under topic "Remuneration of Directors and Executives" above.

Training of Directors and the Executive

1. The Company supports and facilitates participation of training courses for related personnel such as Directors, Audit Committee, Managing Directors to develop their ability and capability required to operate the business.
2. If there is a change in the Director's position, related documentation, information necessary for duties and responsibilities will be provided so that they understand their roles and responsibilities including the nature of the work.
3. The Board assigns the Chairman of the Executive Directors to acknowledge about the development plans and prepare a succession plan in case incapable of performing duties
4. The Board form Director development project and the Chairman of Executive Director report back the progress every year and assess in conjunction with the succession plan.

Internal Information Monitoring

The Directors of the Company has to perform duties according to the company's objectives and resolutions in the Shareholders meetings in compliance with the laws and regulations. The information related to the operation has to report to the Chairman of Executive Directors, however, the information related to the investor has to go through to the Board's meeting. The Company has policy to prevent the use of inside information may be exploited for personal benefits and has disclosed to staff, executives, and associates of the Company. The company appointed the Board of Directors to control and decide on disciplinary actions and measures against any exploitation of inside information. In case any of company's Directors exploit this information for personal purposes, the Chairman of Executive Director will be appointed to decide on disciplinary action and measure should be taken according to the resolution at the Board of Directors meeting

Human Resource

Remuneration in Monetary Terms

Remuneration	2010		2011		2012	
	Number of Staffs	Amount (Thousand Baht)	Number of Staffs	Amount (Thousand Baht)	Number of Staffs	Amount (Thousand Baht)
Salary	1,802	151,857	2,232	204,349	3,208	294,627
Bonus	837	13,379	1,149	13,016	-	16,879
Provident Fund	1,353	3,519	1,596	4,708	2,137	6,883
Social Security	1,802	7,195	2,232	9,702	3,208	9,895
Total		175,950		231,775		328,284

Note: The Bonus of year, 2012 was booked in Accrued Expenses account which not allocate, so the company could not count the actual number of staffs who got paid from company. The number of employees in 2012 which include employees who resigned.

Change in Number of Employee with Significance

By the end of 2012, the number of employees of the Company has increased from the previous year by 977 employees. This is due to the opening of 7 new branches in Sakon Nakhon ,Nakon Phanom ,Chaiya Phum ,Surin ,Phitsanulok ,Lamphoon and Mukdahan .The numbers of employee between December 31, 2007 – December 31, 2012 as follow:

As at 31 December	2007	2008	2009	2010	2011	2012
Branches	5	7	8	11	13	20
Employees	1,034	1,213	1,322	1,802	2,232	3,052

Significant Labor Disputes during the past 3 years

– None –

Employee Training and Development Policy

The Company has put in place plans for employee training and development as follows:

1. Annual Training course
2. Establish training program accordingly to duties and responsibilities of employees.
3. Assess and evaluate the result after training and improve the program in future.

Internal Control

The company realizes on suitable internal control and effective internal control that can reduce the risk of administration and achieving the goal. Therefore the Management Committee and the Audit and Risk Management Committee evaluated the adequacy of internal control system of the company.

Organization and Environment

The committee agree that the company has clear organization chart and specified scope of authority and responsibility of each department. There is clearly state of business goal . The Management and administrator considered and defined business target and strategies ,which can be adapted accordingly to environment . For the policy of employees , the company was training all employees to develop skill and reviewed operation to be in the same line. Furthermore , also educated employees to love organization and provide best environment and welfares, as well as defined standard of performance assessment and fairly compensation.

Risk Management

The committee agree that the company has regularly considered and risk assessment that impact on operations. The Management committee have meeting with all relevant departments every months to acknowledge and follow up the result of operation and closely tracking for setting risk management to control the risk to be at acceptable level

Operational Control

The committee agree that the company has specified the scope of authority and detail of approval in each level clearly. There is completely separated duty and responsibility for approval , account booking and information technology for examine each other.

Information Technology and Communication System

The committee agree that the company emphasis on Information Technology . There is development and improvement about retailing system, accounting system, data base system in March,2010 for more efficient of operation. For the year 2011 the company has customized program for rapidly work and service such as delivery program, ceramic tile inventory management program . In addition the company provided program for inventory management for accommodate to suppliers.

The communication between Management Committee and employees, the company has developed internal communication channels for more effectively, for employees are aware of policies and procedures in order to operate in the same line.

Monitoring System

The committee agree that the company has specified to meeting with all relevant departments every months to acknowledge and follow up regularly. Furthermore ,specifying to Internal Audit Department directly reported audit's result and evaluated of internal control system of units to Management Committee and Audit and Risk Management Committee so that internal auditors can perform independently

Related Transactions

The Company had significant business transactions with related parties ,which may have a conflict of interest between as of December 31, 2010- 2012 as follow:

Name of Company	Transactions	2010	2011	2012	Audit Committee 's Opinions.
1.Inter Concrete Industry Co.,Ltd. - 3 co-directors 1.Mr.Witoon Suriyawanakul 2. Mr.Anawat Suriyawanakul 3. Ms.Warunee Suriyawanakul - and they are major shareholder 80.81% of capital register.	Sales Account Receivable	20.36 1.49	11.21 1.07	13.63 1.41	The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and fair price.
2. Siam Global Engineering Co., Ltd. - 3 co-directors 1.Mr.Witoon Suriyawanakul 2. Mr.Anawat Suriyawanakul 3.Mrs.Warunee Suriyawanakul - and they are major shareholder 67.60% of capital register	Sales Account Receivable Purchase Account Payable	0.07 - 15.69 -	0.04 - 12.77 -	0.06 0.02 29.80 9.11	The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and fair price.
3. Petch Nam Nueng Non- juristic -1 co-director Mrs. Warunee Suriyawanakul	Rental	0.24	0.24	0.24	The transactions is rental land and the rate as same as the same area. The Audit Committee has considered that the transactions is reasonable and fair price by compared to the rental of the same vicinity.

Name of Company	Transactions	2010	2011	2012	Audit Committee 's Opinions.
<p>4. Viboonphanit Ltd.,Part</p> <p>- 2 co-directors</p> <p>1.Mr. Witoon Suriyawanakul</p> <p>2. Mr. Anawat Suriyawanakul</p> <p>-and hold share is 15.38%</p>	<p>Sales</p> <p>Account Receivable</p>	<p>-</p> <p>-</p>	<p>0.16</p> <p>0.032</p>	<p>0.23</p> <p>0.02</p>	<p>The transactions are under normal business practices as well as the same price with other business that unrelated.</p> <p>The Audit Committee has considered that the transactions is reasonable and fair price.</p>
<p>5. Thip Fiber Cement Co.,Ltd.</p> <p>-1 co-director</p> <p>Mr. Aree Chavalitchiwinkul</p>	<p>Purchase</p> <p>Account Payable</p>	<p>-</p> <p>-</p>	<p>-</p> <p>-</p>	<p>36.55</p> <p>4.60</p>	<p>The transactions are under normal business practices as well as the same price with other business that unrelated.</p> <p>The Audit Committee has considered that the transactions is reasonable and fair price.</p>
<p>6. SCG Sourcing Co.,Ltd.</p> <p>- 2 co-directors</p> <p>1. Mr.Kajondech Saengsuphan</p> <p>2 Mr. Nithi Phatrachok</p>	<p>Purchase</p> <p>Account Payable</p>	<p>-</p> <p>-</p>	<p>-</p> <p>-</p>	<p>113.30</p> <p>57.46</p>	<p>The transactions are under normal business practices as well as the same price with other business that unrelated.</p> <p>The Audit Committee has considered that the transactions is reasonable and fair price.</p>
<p>7. Sosuco and Group(2008)</p> <p>- 2 co-directors</p> <p>1. Mr.Kajondech Saengsuphan</p> <p>2. Mr.Aree Chavalitchiwinkul</p>	<p>Purchase</p> <p>Account Payable</p>	<p>-</p> <p>-</p>	<p>-</p> <p>-</p>	<p>22.75</p> <p>15.99</p>	<p>The transactions are under normal business practices as well as the same price with other business that unrelated.</p> <p>The Audit Committee has considered that the transactions is reasonable and fair price.</p>

Name of Company	Transactions	2010	2011	2012	Audit Committee 's Opinions.
8.Thai-German Ceramic Industry Public Co.,Ltd. - 2 co-directors 1. Mr.Kajondech Saengsuphan 2. Mr.Aree Chavalitchiwinkul	Purchase Account Payable	- -	- -	24.50 14.31	The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and fair price.
9. Siam Fiberglass Co.,Ltd. - 2 co-directors 1. Mr.Kajondech Saengsuphan 2. Mr.Aree Chavalitchiwinkul	Purchase Account Payable	- -	- -	1.29 1.29	The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and fair price.
10. SCG Logistic Management Co., Ltd. - 2 co-directors 1. Mr.Kajondech Saengsuphan 2 Mr. Nithi Phatrachok	Purchase Account Payable	- -	- -	0.08 0.08	The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and fair price.

Audit Committee Commendations

From the meeting of the Audit Committee No.1/2012 on 15 February 2012, audit committee commented on the related transaction between the company and person which may cause conflict of interest or will cause conflict of interest in the future follow Notification of Capital Market Supervisory Board. The meeting resolved unanimously that these related transaction was reasonable and fair price and benefit the company's business. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person.

Procedure to Approve the Related Transaction

From the meeting of the Board No.4/2008 on 11 August 2008, the board approved on the case of entering into any deal or contract between the company and director, manager or any related person which may cause conflict. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person. In the case of normal deal, administrative section can process normally under the Meeting's resolution. Moreover, the company will prepare the summary report for the higher than 10 million Bath deal for every quarter and also report to the meeting for not-over 10 million Bath deal every quarter.

In the case of related transaction which may cause conflict, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET, the person who has conflict of interest in the connected transaction will not have the right to vote.

Guidelines for Treating Future Related Transactions

If the company have to make the transaction with person who may cause conflict of interest or will cause conflict of interest in the future, the company will give policies on the necessity of related transaction and the appropriate pricing of that transaction and consider the conditions to be in line with the general business in this industry and compare the price with the transaction done with a third party or the market price. In addition, the company will provide an independent expert or the company's auditor to give opinion on that transaction to use as guidance for the Board.

The future related transaction must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and not approve any transaction which may cause conflict of interest. In the case of related transaction between Siam Global House Public Company Limited and person who may cause conflict in the future, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET. The information was shown on 56-1 and 56-2 document.

Investor protection

In the order to protect the investor, the transaction which may cause conflict of interest in the future has to review by the audit committee in the meeting.. Moreover, the company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and follow the rule of transaction disclosure.

Financial Statements

Audit and Accounting Policy

Financial Statements For the years ended 31 December 2012

Mr. Pisit Chewaruangroch, the auditor with his license no.2803 from M.R. & Associates Co.,LTD (approve from The Securities and Exchange Commission) has shown his qualified audit opinion unconditionally that the financial statements for the years ended 31 December 2012, the result of its operations, cash flows for the years then ended in accordance with generally accepted accounting principles. Since 1 January 2012 the Company comply with the standard of accounting and financial issued by FAP in preparation and reporting of financial statements.

Combined Financial Statement

Combined Financial Statement	Audit 31 Dec 2012	Audit 31 Dec 2011	Audit 31 Dec 2010
Income Statement (Unit : Million Baht)			
Sales	10,782.57	8,187.85	5,831.28
Total Sales	11,098.82	8,391.22	5,970.53
Gross Profit (Loss)	1,616.47	1,310.36	919.82
Profit (Loss) before financial cost and income tax	974.09	810.85	572.35
Net Profit (Loss)	609.00	490.60	362.13
Balance Sheet (Million Baht)			
Total Assets	12,006.35	8,317.87	5,865.75
Total Liabilities	2,752.22	3,895.45	3,222.94
Shareholders'Equity	9,254.14	4,422.42	2,642.81
Financial Ratio			
Gross Profit Margin (%)	14.99	16.00	15.77
Net Profit Margin (%)	5.49	5.85	6.07
Return on Equity (%)	8.91	13.89	14.35
Return on Investment (%)	6.00	6.92	6.93
Debts to Equity (times)	0.30	0.88	1.22
Earnings per Share (Baht)			
Earnings per Share*	0.3369	0.2834	0.2093
Book Value per Share	4.3009	2.5712	2.7529
Common Stocks (shares)	2,151,671,784	1,449,926,849	960,000,000

Note * use weighted average of common shares

1. As at 3 October 2012, the Company increased authorised capital to 2,239,999,926 Baht and as at 31 December 2012, Paid-up Capital was 2,151,671,784 Baht

Overview of Business Operating Results

The business operation results have grown significantly over the past three years (2010-2012) as a result of business expansion (opening new stores and growth of existing stores). Although the previous year, the economy has been affected by turbulences in politics and natural disasters but had not impact to the business operations and everything went according to plans. The company expand new branches continuously from 11 branches in the end of year 2010 to 20 branches in the end of year 2012. Such as Nong Khai, Nakhon Ratchasima, Sakon Nakhon, Nakhon Phanom, Chaiyaphum, Surin, Phitsanulok, Lamphoon and Mukdahan which covers the areas of northeastern and northern.

The result of good performance continuously, The SCG Distribution Co., Ltd. interested to invest in the Company. That the Board of Director Meeting on 25 August 2012 and The Extraordinary General Meeting 1/2012 on 1 October 2012 had resolution to accept the proposal from the SCG Distribution Co., Ltd. by majority votes then the proportion of shares is 31.24 %.

Business Operation Results

Revenue

The Company's revenue has grown from 5,970.53 million Baht in 2010 to 8,391.22 million Baht in 2011 and 11,098.82 million Baht in 2012, which is an equivalent, in percentage terms. These figures are reflections of branches expansion.

Costs and Expense of Sales and Administration

The proportions of costs of sales to the revenues from 2010 till 2012 were 82.26 %, 81.96%, and 82.58% respectively. Administrative expenses from 2010 till 2012 are 486.72 million Baht, 702.87 million Baht and 958.63 million Baht respectively. In 2011, the company reviewed its' property and building value, to follow of TAS 16 (Revised 2009) Property, Plant and Equipment. The result of this, the company's depreciation was increased around 52.15 million Baht in 2011. In addition, the company also followed of TAS 19, Employee Benefits.

Gross Profit Margin and Net Profit Margin

The Company's Gross profit margin in 2010 was 15.77%, in 2011 was 16.00% and in 2012 14.99%. The Net profit margins for the year 2010 till 2012 comparing to the revenues of the Company were 6.07%, 5.85% and 5.49% respectively.

Total Assets

The total assets of the Company from 2010 to 2012 were 5,865.75 million Baht, 8,317.88 million Baht and 12,006.35 million Baht respectively. Significant changes are as follows:

1. Cash and cash equivalent as at 31st December 2010 was 90.89 million Baht, as at 31st December 2011 was 88.45 million Baht, and as at 31st December 2012 was 117.74 million Baht.

2. Account receivables as at 31st December 2010 was 9.14 million Baht, as at 31st December 2011 was 13.22 million Baht, and as at 31st December 2012 was 15.21 million Baht. Show that, there was the increasing of account receivable in 2010- 2012. However, the company has the policy to strict on giving credits and collection to reduce any risk of lately payment.

3. Inventory as at 31st December 2010 was 2,680.90 million Baht , as at 31st December 2011 was 3,093.59 million Baht and as at 31 December 2012 was 4,974.85. The significant increase in inventory was the result of expansion.

4. Land, Building and equipment as at 31st December 2010 was 2,925.24 million Baht, as at 31st December 2011 was 4,926.53 million Baht and as at 31 December 2012 was 6,488.26 million Bath. The significant increase in inventory was the result of expansion. In addition, the company followed of TAS 16 (Revised 2009) Property, Plant and Equipment. As a result, the company's total asset was increased.

Liabilities

The total liability as at 31st December 2010 was 3,222.94 million Baht , as at 31st December 2011 was 3,895.45 million Baht and 31 December 2012 was 2,752.22 million Baht . The debt ratios over the three ears were 1.22, 0.88 and 0.30 respectively. The debt ratios of year 2012 was decrease of the previous because the Company was repayment of long-term debt by received money from the capital increase of SCG Distribution .The company has got benefit from the interest expense .

Shareholders' Equity

The Company has shareholders' equity as at 31st December 2010 was 2,642.81 million Baht , as at 31st December 2011 was 4,422.42 million Baht and as at 31 December 2012 was 9,254.13 million Baht . In the year 2012 the Company has increase the registered capital amount 2,239,999,926.00 Baht and paid-up capital of 2,151,671,784.00 Baht. In 2012, the Company made net profit from operating of 609.00 million Baht and the Company reserved 30.50 million Baht in compliance with laws. As a result, as at 31 December 2012, the Company has the appropriated retained earnings and in compliance with the laws of 104.78 million Baht and had inappropriate retained earnings of 928.18 million Baht, which means the shareholder's equity increased comparing to 2011 approximately by 109.25%

Audit Fee

1. Audit Fee

The Company paid audit fee to Mr. Methee Ratanasrimetha, Certified Public Accountant Registration No. 3425 or Ms Kanlayarat Chaiworapongsa, Certified Public Accountant Registration No. 3460 of M.R. & Associates Company Limited the amount of 1,450,000 Baht for the year 2010 and 2011 , And for the year 2012 the company paid Mr. Methee Ratanasrimetha, Certified Public Accountant Registration No. 3425 or Mr Pichit Chewaruengroje, Certified Public Accountant Registration No. 2803 of M.R. & Associates Company Limited of the amount of 1,600,000 Baht. Because the Company has plan to expand 7 branches.

2. Non-Audit Fee

Non-Audit fee since 2010-2012 was the amount of 100,123 Baht , 102,150 Baht and 164,774 Baht respectively.

Audit and Risk Management Committee's Report

Dear Shareholders

The Audit and Risk Management Committee of the Company consists of 3 independent directors. All committees have abilities, qualifications and independent according to the regulations of the Stock Exchange of Thailand by having;

- | | |
|--|--|
| 1. Assoc. Prof. Dr. Montree Sokhatiyaturak | Chairman of Audit and Risk Management Committee/
Independent Director |
| 2. Assoc. Prof. Phornsiri Thiwawanwong | Member of Audit and Risk Management Committee/
Independent Director |
| 3. Mr. Surasak Chanthori | Member of Audit and Risk Management Committee/
Independent Director |

For the year 2012, the Audit Committee has performed the duty according to the scope of responsibility as stipulated in the charter of the Audit Committee and according to the assignment from the Company's Board of Directors. There were 5 meetings. The Essence of the Work Performed in year 2012:

- Having considered and review the quarterly financial report of the company and the annual financial statements for the year 2012 with the top managing director in company (Vice Chief Executive Officer in Accounting & Financial) before such were disclosed to the Stock Exchange of Thailand and the Office of the Securities and Stock Exchange Commission. The financial report of the Company is reliable, accurate and complete according to the generally accepted accounting principle and has sufficiently and timely disclosed material information.
- Having review the related transactions between the person who relate with the company, the Audit and Risk Management Committee agree that all transactions are normal condition of trading, there are no transfer of benefit. Company is also revealed the financial statement to the public.
- Having review the company's internal control system, the Audit and Risk Management Committee agree that the company has sufficient and efficient internal control system which cover the organization and environment , risks management , operational control , Information Technology and Communication system and the monitoring system.
- Having performed of internal audit that the Audit and Risk Management Committee is review audit's plan 2012 and acknowledge audit's operating . They have given suggestion to internal audit department for more efficiency performance.

- Having review the performance to be comply with the laws on Securities and Stock Exchange ,the rule of Stock Exchange or the laws relevant to the business proceeding of the company. The Audit and Risk Management Committee agree that the company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.
- Having considered the selection and nomination of company's independent auditor and determination of the audit fee to propose in 2012 to the Company's Board of Directors for the request for approval from the meeting of shareholders. The candidates are Mr.Pisit Chewaruangroch , Certified Public Accountant (Thailand) No. 2803 or Mr. Methee Ratanasrimetha Certified Public Accountant (Thailand) No. 3425 of M&R ASSOCIATES CO.,LTD as the auditors of the Company for the year 2012 and approved the auditor fee of 1,600,000 Baht for the Company's Financial Statements, which more than the previous year only 150,000 Baht .Because the Company plan to expand 7 new stores in the year 2012.
- Having convened with the independent auditors to discuss key issues in the preparation of the financial statements and acknowledge audit issues and recommendation from auditors . The meeting had no attendance of the management.

The Audit and Risk Management Committee has opinions from the review of the Company's operations in the year 2012 ,that the Company has followed the relevant laws and regulations that according to the good corporate governance and sufficient internal control system for business operations.



(Assoc. Prof. Dr. Montree Sokhatiyonurak)
Chairman of Audit and Risk Management Committee
Siam Global House Public Company Limited

The Board of Directors as 31 December 2012

Mr. Apisit Rujikeatkamjorn
Age : 67
Position: Chairman

Education : Master of Engineering , LAMA
 UNIVERSITY TEXAS
 Bachelor of Engineering Program in
 Civil Engineering, Khon Kaen
 University
Training : Certificate of Director Accreditation
 Program (DAP 21/2004), Thai Institute
 of Directors (IOD)

Experience :
 2008 - Present : Chairman /Independent Director
 Siam Global House PLC.
 2011 - Present: Director/ Thailoil PCL.
 2011 - Present Chairman / Seaoil PCL.
 2008 - 2013: Chairman of PAE (Thailand) PCL
 2006 - Present: Director / Thai Lube Base PCL.
 Director / Thai Rotary Engineering
 PCL.
 2010- Present Chairman / Eco Lighting Co.,Ltd.



Mr. Wittoon Suriyawanakul
Age : 55
Position : Director /Managing Director/
 Chief Executive Officer

Education : Master of Business Administration,
 Khon Kaen University
 Bachelor of Engineering Program in
 Civil Engineering, Khon Kaen
 University
Training : Certificate of Director Accreditation
 Program (DAP 68/2008), Thai Institute
 of Directors (IOD)

Experience :
 1997 - Present: Director/Managing Director/
 Chief Executive Officer /Siam Global
 House PCL.
 Director / Inter Concrete Industry Co.,
 Ltd.
 Director / Global Asset Co., Ltd



Mr. Anawat Suriyawanakul
Age : 53
Position : Director /Managing Director/
Vice Chief Executive Officer

Education : Secondary Education

Training : Certificate of Director Accreditation
Program (DAP 68/2008), Thai Institute
of Directors (IOD)

Experience :
1997 - Present: Director/Managing Director/ Vice CEO
/Siam Global House PCL.
Director / Siam Global Engineering
Co., Ltd.
Director / Inter Concrete Industry
Co., Ltd.
Director/ Global Concrete Co., Ltd.
Director / Siam Global Asset Co., Ltd.



Mrs. Warunee Suriyawanakul
Age : 53
Position : Director /Managing Director/
Vice Chief Executive Officer

Education : Secondary Education

Training : Certificate of Director Accreditation
Program (DAP 68/2008), Thai Institute
of Directors (IOD)

Experience :
1997 - Present: Director/Managing Director/ Vice
CEO /Siam Global House PCL.
Director / Inter Concrete Industry
Co. ,Ltd.



Mr. Kajondech Saengsuphan
Age : 60
Position : Director
Education : B.Eng.(Civil Engineering),
Chulalongkorn University
Training : Certificate of Director Accreditation
Program (DAP 10/2004), Thai Institute
of Directors (IOD)
Finance for Non-finance Directors
Program 7/ 2003 Thai Institute of
Directors (IOD)
Advanced Management
Program(AMP) Harvard University
,USA.
Experience :
2012 - Present: Director/Siam Global House PCL. 2005 -
Present: Director and President
SCG Distribution Co. ,Ltd.
2002 - Present: Director/ Ceramic Cement Thai
Co.,Ltd
2010 -Present: Chairman / Quality Construction
Product PCL.
2008- Present: Chairman / Thai-German Ceramic
Industry PCL.
2003 - 2006 Director/ Millennium Steel Co., Ltd.
2001 - 2005 Chief Executive Officer/Construction
Products Cement Thai Co., Ltd
1999 - 2005 Managing Director/ Gypsum Cement
Thai Co., Ltd.
1996 - 2001 Managing Director/ Gypsum Industry
Co., Ltd.



Mr. Nithi Phatrachok
Age : 50
Position : Director
Education : M.B.A., University of Chicago, Illinois,
USA
B.Eng.(Civil Engineering),
Chulalongkorn University
Training : Advanced Management
Program(AMP) Harvard University
,USA.
Experience :
2012 - Present: Director/Siam Global House PCL.
2010 -Present: Managing Director/SCG Logistic
Management Co., Ltd.
2005 - 2010 Director – Corporate Planning Division
2004 - 2005 The Siam Cement Public Company
Limited Manager – Overseas Office
Division ,The Siam Cement Trading
Company Limited



Mr. Aree Chavalitcheewingul
Age : 50
Position : Director
Education : M. Eng (Industrial Engineering and Management) Asian Institute of Technology
 B.Eng. (Electrical Engineering, Honors)Chiang Mai University
Training : Advanced Management Program(AMP) Harvard University ,USA.
Experience :
 2012 - Present: Director/Siam Global House PCL
 2011 -Present : Managing Director/SCG Distribution Co., Ltd
 Managing Director / Quality Construction Products PCL
 Director/Thai Plastic and Chemical PLC.
 Director /Ceramic Cement Thai Co., Ltd.
 2010 - Present : Director / The Siam Ceramic Group Industry Co., Ltd.
 2009 - Present: Director /Sosuco Ceramic Co., Ltd.
 Director /Sosuco Ceramicand Group(2008) Co., Ltd.
 2008- 2011 Managing Director/ Thai-German Ceramic Industry PCL.
 2005 - 2008 Managing Director/ The Siam Ceramic Group Industry Co., Ltd.



Assoc. Prof. Dr. Montree Sokhatiyaturak
Age : 56
Position : Independent Director/ Chairman of the Audit and the Risk Management Committee
Education : Ph.D. in Monetary and Public Finance Economics, University of Minnesota, U.S.A.
 Masters of Arts (Economics), University of Minnesota, U.S.A.
 Master of Economics (Development Economics), NIDA
 Bachelor of Arts in Economics, Thammasat University
Training : Certificate of Director Accreditation Program (DAP 69/2008), Thai Institute of Directors (IOD)
Experience :
 2008 - 2013 Independent Director/ Chairman of the Audit and the Risk Management Committee, Siam Global House PCL.
 Independent Director / Chairman of the Risk Management Committee, Asia Green Energy PCL.
 2007 - Present : Associate Dean for Planning and Development at Faculty of Public Administration, National Institute of Development Administration.
 Legal Investigation subcommittee of the board of trade in Thailand, Department of Internal Trade of Thailand, Ministry of Commerce of Thailand



Assoc. Prof. Phonsiri Thiwawanwong

Age : 60

Position : Independent Director/ Chairman of the Audit and the Risk Management Committee

Education : Master of Business Administration (Finance), University of Wisconsin at Madison, U.S.A.
Bachelor of Accountancy (First-Class Honors with Gold Medal Award), Faculty of Commerce and Accountancy, Chulalongkorn University

Training : Certificate of Director Accreditation Program (DAP 17/2002), Thai Institute of Directors (IOD)

Experience :

2008 - Present: Independent Director/ Chairman of the Audit and the Risk Management Committee, Siam Global House PCL

2007 - Present: Dean of Asean University, Asean University

2005 - 2007: Managing Director for Masters Student of Marketing Management Department, Mahidol University

2003 - 2005: Director for Degrees Student of International B.B.A. Subject, Shinawatra University



Mr. Surasak Chanthori

Age : 55

Position : Independent Director/ Chairman of the Audit and the Risk Management Committee

Education : Master of Business Administration, Khon Kaen University
Bachelor of Engineering Program in Industrial Engineering, Khon Kaen University

Training : Certificate of Director Accreditation Program (DAP 68/2008), Thai Institute of Directors (IOD)

Experience :

2008 - Present: Independent Director/ Chairman of the Audit and the Risk Management Committee, Siam Global House PCL

2012 - Present: Academic Committee Faculty of Technology of Agriculture and Industry Rajabhat Nakhonsawan University

2009 - Present : Academic Committee Rajabhat Piboonsongkram University

2008 - 2011: Advisor/L-Con Concrete Co., Ltd

2008 - 2010: Advisor/ Alfa Concrete Co., Ltd
Advisor/ Udon Master Tech Co., Ltd

1996 - Present: Managing Director Fiber House Products and Service Co. ,Ltd

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2012

and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Siam Global House Public Company Limited

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam Global House Public Company Limited as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

Other

The financial statements of Siam Global House Public Company Limited for the year ended December 31, 2011, were audited by another auditor in my office who expressed an unmodified opinion on those financial statements on February 15, 2012.

(Mr. Pisit Chiwaruangroch)
Certified Public Accountant
Registration No. 2803

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 21, 2013

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

ASSETS

		In Baht	
	Note	2012	2011
CURRENT ASSETS			
Cash and cash equivalents		117,736,792	88,452,615
Temporary investments		98,769	-
Trade accounts receivable			
- Related parties	4	3,083,522	1,099,239
- Others	5	12,127,801	12,120,513
Merchandises	6	4,974,849,988	3,093,591,763
Other current assets	4, 7	403,311,814	188,576,333
Total current assets		5,511,208,686	3,383,840,463
NON-CURRENT ASSETS			
Deposits at financial institutions under pledge		278,323	277,984
Available-for-sale investments		61,335	65,685
Property, plant and equipment	4, 8, 10	6,488,256,618	4,926,532,636
Other non-current assets			
- Computer software	9	3,502,054	4,109,710
- Others		3,047,312	3,049,832
Total non-current assets		6,495,145,642	4,934,035,847
TOTAL ASSETS		12,006,354,328	8,317,876,310

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht	
	Note	2012	2011
CURRENT LIABILITIES			
Bank overdrafts and short-term loans			
from financial institutions	10	259,616,535	1,363,388,240
Trade accounts payable			
- Related parties	4	102,248,577	-
- Others		2,106,906,950	1,171,173,091
Current portion of finance lease liabilities	11	4,320,791	4,297,257
Current portion of long-term loans	10	-	273,777,015
Income tax payable		106,666,652	99,407,189
Accrued expenses and other current liabilities	4, 12	153,877,315	59,965,062
Total current liabilities		2,733,636,820	2,972,007,854
NON-CURRENT LIABILITIES			
Finance lease liabilities	11	3,001,274	7,322,065
Long-term loans	10	-	911,787,249
Liability for post-employment benefits	13	15,580,864	4,337,110
Total non-current liabilities		18,582,138	923,446,424
Total liabilities		2,752,218,958	3,895,454,278

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht	
	Note	2012	2011
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital	14	2,239,999,926	1,720,000,000
Issued and paid-up share capital	14	2,151,671,784	1,449,926,849
Share premium	15	4,290,809,121	447,634,642
Retained earnings			
Appropriated for legal reserve	16	104,782,751	74,282,751
Unappropriated		928,176,675	600,653,005
Other components of shareholders' equity		1,778,695,039	1,849,924,785
Total shareholders' equity		9,254,135,370	4,422,422,032
TOTAL LIABILITIES AND			
SHAREHOLDERS' EQUITY		12,006,354,328	8,317,876,310

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		In Baht	
	Note	2012	2011
REVENUES	4		
Net sales		10,782,573,575	8,187,853,323
Other income		316,245,859	203,363,672
Total revenues		<u>11,098,819,434</u>	<u>8,391,216,995</u>
EXPENSES	17		
Cost of goods sold	4	9,166,101,671	6,877,493,728
Selling expenses		377,497,405	256,622,587
Administrative expenses	4	581,134,671	446,247,638
Finance costs		157,707,631	130,324,292
Total expenses		<u>10,282,441,378</u>	<u>7,710,688,245</u>
Profit before Income Tax Expense		816,378,056	680,528,750
Income Tax Expense	18	<u>207,374,068</u>	<u>189,924,759</u>
PROFIT FOR THE YEAR		<u>609,003,988</u>	<u>490,603,991</u>
OTHER COMPREHENSIVE INCOME			
Gain on the revaluation of property, plant and equipment	8	-	1,267,875,116
Gain (loss) on remeasurement of investments		(4,099)	12,180
Other comprehensive income for the year		<u>(4,099)</u>	<u>1,267,887,296</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR		<u>608,999,889</u>	<u>1,758,491,287</u>
Earnings per Share	19		
Basic		<u>0.3369</u>	<u>0.2834</u>
Diluted		<u>0.3154</u>	<u>0.2805</u>

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		In Baht						
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated for legal reserve	Unappropriated	Revaluation surplus on property	Fair value changes in investments	Total	
Balance as at January 1, 2011	960,000,000	383,110,000	49,282,751	596,037,723	654,372,110	10,005	654,382,115	2,642,812,589
							-	
Profit for the year	-	-	-	490,603,991	-	-	-	490,603,991
Other comprehensive income for the year	-	-	-	-	1,267,875,116	12,180	1,267,887,296	1,267,887,296
Total comprehensive income for the year	-	-	-	490,603,991	1,267,875,116	12,180	1,267,887,296	1,758,491,287
Stock dividends	14	479,999,981	-	(479,999,981)	-	-	-	-
Proceeds from shares issued	14	9,926,868	64,524,642	-	-	-	-	74,451,510
Dividends	14	-	-	(53,333,354)	-	-	-	(53,333,354)
Appropriation for legal reserve	16	-	-	25,000,000	(25,000,000)	-	-	-
Transfer to retained earnings	8	-	-	72,344,626	(72,344,626)	-	(72,344,626)	-
Balance as at December 31, 2011	1,449,926,849	447,634,642	74,282,751	600,653,005	1,849,902,600	22,185	1,849,924,785	4,422,422,032
Profit for the year	-	-	-	609,003,988	-	-	-	609,003,988
Other comprehensive income for the year	-	-	-	-	-	(4,099)	(4,099)	(4,099)
Total comprehensive income for the year	-	-	-	609,003,988	-	(4,099)	(4,099)	608,999,889
Stock dividends	14	289,985,339	-	(289,985,339)	-	-	-	-
Proceeds from shares issued	14	411,759,596	3,843,174,479	-	-	-	-	4,254,934,075
Dividends	14	-	-	(32,220,626)	-	-	-	(32,220,626)
Appropriation for legal reserve	16	-	-	30,500,000	(30,500,000)	-	-	-
Transfer to retained earnings	8	-	-	71,225,647	(71,225,647)	-	(71,225,647)	-
Balance as at December 31, 2012	<u>2,151,671,784</u>	<u>4,290,809,121</u>	<u>104,782,751</u>	<u>928,176,675</u>	<u>1,778,676,953</u>	<u>18,086</u>	<u>1,778,695,039</u>	<u>9,254,135,370</u>

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	In Baht	
	2012	2011
Cash flows from operating activities		
Profit for the year	609,003,988	490,603,991
Adjustments for		
Depreciation and amortization	282,765,439	221,705,634
Expenses for post-employment benefits	11,243,754	4,337,110
Reversal of loss on revaluation of property	-	(8,350,979)
Interest income	(1,223,678)	(754,911)
Interest expense	156,211,545	129,474,012
Increase (decrease) in allowance for doubtful accounts	144,566	(928,426)
Written-off bad debts	5,960	935
Unrealized loss (gain) on exchange rate	(663,900)	5,214,983
Decrease in allowance for loss on devaluation of merchandises	(2,000,000)	(1,500,000)
Loss (gain) on sale of fixed assets	(31,363)	148,125
Loss on influence from tropical storm	997,699	-
Income tax expense	207,374,068	189,924,759
	1,263,828,078	1,029,875,233
Changes in operating assets and liabilities		
Trade accounts receivable	(2,142,097)	(3,152,519)
Merchandises	(1,879,258,225)	(411,193,907)
Other current assets	(214,735,481)	(36,614,607)
Deposits at financial institutions under pledge	(339)	303,591
Other non-current assets	2,520	(131,227)
Trade accounts payable	1,001,902,973	115,008,013
Accrued expenses and other current liabilities	10,375,341	6,417,116
Income tax paid	(200,114,605)	(142,371,746)
Net cash provided by (used in) operating activities	(20,141,835)	558,139,947

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	In Baht	
	2012	2011
Cash flows from investing activities		
Interest received	1,223,678	754,911
Proceeds from insurance claim	1,675,020	-
Increase in temporary investments	(98,518)	-
Proceeds from sale of fixed assets	75,247	715,080
Increase in property, plant and equipment	(1,786,312,486)	(792,190,799)
Increase in computer software	(620,647)	(1,139,888)
Net cash used in investing activities	(1,784,057,706)	(791,860,696)
Cash flows from financing activities		
Interest paid	(150,508,828)	(127,969,548)
Decrease in bank overdrafts and short-term loans from financial institutions	(1,103,115,591)	(1,040,246)
Increase in long-term loans	633,856,203	532,400,000
Repayment of long-term loans	(1,819,420,467)	(172,128,144)
Repayment of finance lease liabilities	(4,297,257)	(21,097,954)
Proceeds from capital increase	3,136,000,000	-
Expenses relating to capital increase	(307,191)	-
Proceeds from warrants exercised	1,173,497,475	74,451,510
Dividends	(32,220,626)	(53,333,354)
Net cash provided by financing activities	1,833,483,718	231,282,264
Net increase (decrease) in cash and cash equivalents	29,284,177	(2,438,485)
Cash and cash equivalents at beginning of year	88,452,615	90,891,100
Cash and cash equivalents at end of year	117,736,792	88,452,615
Non-cash transaction		
Purchases of property, plant and equipment for which no cash has been paid	63,667,082	184,670,071
Stock dividends	289,985,339	479,999,981

1. GENERAL

Siam Global House Public Company Limited, “the Company”, is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on August 19, 2009.

The Company engages in merchandising of construction and decoration materials and equipment.

The registered office is 232 Moo 19, Tambol Robmuang, Amphur Muang, Roi-Et. As at December 31, 2012, the Company has a total of 19 branches operating in other provinces (December 31, 2011: 12 branches).

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in Thai Baht in the Thai language in conformity with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Federation of Accounting Professions has issued new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) relevant to the Company’s operations that have been effective as follows:

Effective for the period beginning on or after January 1, 2013

TAS 12	Income tax
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The Company will adopt these new TAS and TFRS for the fiscal year starting from January 1, 2013.

The adoption of TAS 21 (Revised 2009) and TFRS 8 does not have significantly impacts on the Company’s financial statements. The adoption of TAS 12 will impact the Company’s financial statements for the year ended December 31, 2012. The estimated impact will be as follows:

	In Million Baht
Decrease in income tax expense and increase in profit for the year	16.5
Decrease in transfer to retained earnings for the year	14.2
Increase in retained earnings as at January 1	5.1
Increase in retained earnings and deferred income tax assets as at December 31	7.4
Increase in deferred income tax liabilities as at December 31	122.7
Decrease in revaluation surplus of assets as at December 31	122.7
Increase in earnings per share (Baht)	
Basic	0.0091
Diluted	0.0086

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Cash at banks which have restrictions in use are presented separately as “Deposits at financial institutions under pledged” under non-current assets in the statement of financial position.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Merchandises

Merchandises are valued at the lower of cost (moving average method) and net realizable value. Net realizable value is the selling price in the ordinary course of business, less marketing, distribution and other expenses which are necessary for sale of goods.

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

Investment in equity securities

Marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized in other comprehensive income.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Property, Plant and Equipment

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Land and land improvement and building and building improvement are stated at revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Revalued assets

Revaluations are performed by independent professional valuation agents with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in the other comprehensive income in respect of the same asset.

Depreciation

Depreciation computed on cost or revalued amount is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10	years
Buildings	20	years
Building improvements	5	years
Furniture, fixtures and office equipment	5	years
Computer equipment	3	years
Transportation	5	years

No depreciation is provided on land and assets under construction.

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

Computer software

Computer software is stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful life of 5 years.

Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, a reversal of an impairment loss on a revalued asset should be recognized in profit or loss to the extent that it reverses an impairment loss on the same asset that previously was recognized as an expense in profit or loss.

Employee benefits

Provident fund

Obligations for contributions to provident fund are recognized as an expense in profit or loss as incurred.

Post-employment benefits

The Company's obligations in respect of post-employment benefits are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by an independent actuary using the projected unit credit method. Expenses from the estimated liability for post-employment benefits are recognized in profit or loss and comprise of current service cost, interest cost, past service cost, and actuarial gains and losses.

Provisions

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

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Revenue Recognition

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

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

Interest and other income are recognized on an accrual basis.

Expenses

Operating leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to profit or loss in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

Use of Estimates

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

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

Foreign Currency Transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading

purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the statement of reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Income Tax

The provision for income tax of the Company is based on the amount currently payable according to the Revenue Code.

4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly, or have significant influence over the financial or operating policies of the company.

The related parties consisted of:

Company and party	Relationships	Percentage of Holding	
		2012	2011
The Siam Cement Public Company Limited	Parent company of SCG Distribution Co., Ltd.	-	-
SCG Distribution Co., Ltd.	Major shareholder	31	-
SCG Sourcing Co., Ltd. and SCG Logistics Management Co., Ltd.	Subsidiary of SCG Distribution Co., Ltd.	-	-
Thai-German Ceramic Industry Public Company Limited, Tip Fibre-Cement Co., Ltd., Siam Fiberglass Co., Ltd., Sosuco and Group (2008) Co., Ltd. and The Nawaplastic Industries (Saraburi) Co., Ltd.	Subsidiaries of The Siam Cement Public Company Limited	-	-

Company and party	Relationships	Percentage of Holding	
		2012	2011
Global Concrete Co., Ltd.	Co-shareholders and director	-	-
Siam Global Engineering Co., Ltd.	Co-shareholders and director	-	-
Siam Global Asset Co., Ltd.	Co-shareholders and director	-	-
Wiboon Panich Roi-Et Partnership Ltd.	Co-shareholders and director	-	-
Inter Concrete Industry Co., Ltd.	Co-shareholders and director	-	-
Petch Nam Nueng Non-juristic body of persons (by Khun Warunee Suriyawanakul)*	-	-	-
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company.	-	-

* Represents the Company's shareholder and director

The pricing policies for particular types of transactions are explained further below:

Type of Transactions	Pricing Policies
Revenue from sales of goods	Market price (wholesale price)
Sale promotion income	Vary on purchase volume
Purchase of merchandises	Market prices
Rental expense	Negotiated agreement
Purchase of equipment	
- Overhead cranes including installment	Market price

Significant transactions for the years ended December 31, 2012 and 2011 with related parties were as follows:

	In Thousand Baht	
	2012	2011
Revenue from sales of goods		
Inter Concrete Industry Co., Ltd.	13,630	11,215
Others	4,027	541
Total	17,657	11,756
Sale promotion income		
Tip Fibre-Cement Co., Ltd.	1,888	-
Others	1,967	-
Total	3,855	-
Purchase of merchandises		
SCG Sourcing Co., Ltd.	113,296	-
Tip Fibre-Cement Co., Ltd.	36,554	-
Thai-German Ceramic Industry Public Company Limited	24,504	-
Sosuco and group (2008) Co., Ltd.	22,750	-
Others	13,617	-
Total	210,721	-
Rental expense		
Petch Nam Nueng - Non-juristic body of persons	240	240
Purchase equipment		
Siam Global Engineering Co., Ltd.	29,803	12,773
Remuneration of key management		
Short-term benefit		
Salary, bonus and others		
- employment management	27,943	20,582
- non-employment management	945	1,160
Meeting remuneration	1,990	1,285
Total short-term benefits	30,878	23,027
Expenses for post-employment benefits	2,588	2,411
Total	33,466	25,438

Balances as at December 31, 2012 and 2011 with related parties were as follows:

	In Thousand Baht	
	2012	2011
Trade accounts receivable		
SCG Sourcing Co., Ltd.	1,630	-
Inter Concrete Industry Co., Ltd.	1,413	1,067
Others	41	32
Total	3,084	1,099

The trade accounts receivable are aged as follows:

	In Thousand Baht	
	2012	2011
Current	2,260	1,092
Overdue:		
- Not over 3 months	824	7
Total	3,084	1,099

	In Thousand Baht	
	2012	2011
Accrued sale promotion income		
Sosuco and group (2008) Co., Ltd.	3,355	-
Others	2,652	-
Total	6,007	-

	In Thousand Baht	
	2012	2011
Trade accounts payable		
SCG Sourcing Co., Ltd.	57,459	-
Sosuco and group (2008) Co., Ltd.	15,988	-
Thai-German Ceramic Industry Public Company Limited	14,308	-
Others	14,494	-
Total	102,249	-

	In Thousand Baht	
	2012	2011
Other account payable		
Siam Global Engineering Co., Ltd.	9,111	4,556

Other account payable to Siam Global Engineering Co., Ltd. (arose from purchase of equipment) as at December 31, 2011 was reclassified from trade account payable, and included in “Accrued expenses and other current liabilities”

Agreement with related party

The Company entered into a rental agreement with a related party (Petch Nam Nueng - Non-juristic body of persons) for a period of 5 years expiring in June 2017. The Company is committed to pay a monthly rental of Baht 20,000. The Company must comply with conditions indicated in the agreement.

5. TRADE ACCOUNTS RECEIVABLE - OTHERS

As at December 31, 2012 and 2011, the Company had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht	
	2012	2011
Current	9,950	9,163
Overdue:		
- Not over 3 months	2,034	2,905
- Over 3 months to 6 months	-	42
- Over 6 months to 12 months	289	11
Total	12,273	12,121
Less allowance for doubtful accounts	(145)	-
Net	12,128	12,121

6. MERCHANDISES

	In Thousand Baht	
	2012	2011
Merchandises	4,957,598	3,071,149
Goods in-transit	17,252	24,443
Total	4,974,850	3,095,592
Less allowance for loss on devaluation of merchandises	-	(2,000)
Net	4,974,850	3,093,592

7. OTHER CURRENT ASSETS

	In Thousand Baht	
	2012	2011
Value added tax receivables	210,562	79,164
Accrued sale promotion income	117,000	59,128
Deposits for purchase of merchandises	29,089	31,960
Input value added tax	13,981	9,051
Others	32,680	9,273
Total	403,312	188,576

8. PROPERTY, PLANT AND EQUIPMENT

	In Thousand Baht						
	Land and land improvements (Appraisal)	Buildings and building Improvements (Appraisal)	Furniture, fixtures and office equipment (Cost)	Transportation (Cost)	Construction in progress and advance for purchase of land (Cost)	Assets for future development (Appraisal)	Total
Cost/Appraisal							
Balance as at January 1, 2011	1,343,067	1,110,835	292,957	92,086	88,103	590,350	3,517,398
Additions	391,825	2,105	27,789	9,221	456,982	58,614	946,536
Revaluation surplus	80,267	610,153	-	-	-	633,170	1,323,590
Reverse of loss on devaluation of assets	4,539	3,786	-	-	-	26	8,351
Transfers – net	61,805	238,809	57,217	200	(371,041)	13,010	-
Disposals	-	(2,383)	(191)	(1,269)	-	-	(3,843)
Balance as at December 31, 2011	1,881,503	1,963,305	377,772	100,238	174,044	1,295,170	5,792,032
Additions	842,579	-	58,234	35,115	903,727	4,647	1,844,302
Transfers – net	102,756	635,240	148,254	-	(886,250)	-	-
Disposals	(1,535)	(25)	(762)	-	-	-	(2,322)
Balance as at December 31, 2012	2,825,303	2,598,520	583,498	135,353	191,521	1,299,817	7,634,012

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	In Thousand Baht						
	Land and land improvements (Appraisal)	Buildings and building improvements (Appraisal)	Furniture, fixtures and office equipment (Cost)	Transportation (Cost)	Construction in progress and advance for purchase of land (Cost)	Assets for future development (Appraisal)	Total
Accumulated depreciation							
Balance as at January 1, 2011	76,251	318,956	136,874	55,999	-	4,075	592,155
Depreciation charge for the year	12,456	66,630	58,034	10,240	-	904	148,264
Increase in depreciation on revaluation of assets	8,241	63,288	-	-	-	816	72,345
Revaluation surplus	(9,679)	62,694	-	-	-	2,700	55,715
Disposals	-	(1,757)	(118)	(1,105)	-	-	(2,980)
Balance as at December 31, 2011	87,269	509,811	194,790	65,134	-	8,495	865,499
Depreciation charge for the year	18,414	97,868	80,556	12,565	-	908	210,311
Increase in depreciation on revaluation of assets	6,979	63,429	-	-	-	817	71,225
Disposals	(538)	(17)	(725)	-	-	-	(1,280)
Balance as at December 31, 2012	112,124	671,091	274,621	77,699	-	10,220	1,145,755
Net book value							
At December 31, 2011	1,794,234	1,453,494	182,982	35,104	174,044	1,286,675	4,926,533
At December 31, 2012	2,713,179	1,927,429	308,877	57,654	191,521	1,289,597	6,488,257

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2012 and 2011 amounted to Baht 162.4 million and Baht 105.4 million, respectively.

Transportation with net book value of Baht 11.9 million and Baht 17.2 million as at December 31, 2012 and 2011, respectively, are assets under hire-purchase contracts.

The Company engaged Noble Property Valuation Co., Ltd., an independent professional appraisal firm, to reappraise the Company's land and land improvements, buildings and building improvements and assets for future development (land and building held for near future development). The appraisal reports were dated on various dates in January 2011, using the Market Comparison Approach for land, Replacement Cost Approach for land improvements, buildings and building improvements and Market Comparison Approach and Replacement Cost Approach for assets for future development.

The revaluation increment of land and land improvements, buildings and building improvements and assets for future development totaling increase Baht 1,267.9 million and a decrease in an impairment loss on revalued assets that previously was recognized as an expense amounting to Baht 8.4 million. The Company recorded the revaluation increment of assets amounting to Baht 1,267.9 million in other comprehensive income and recorded reversal of loss on devaluation of assets amounting to Baht 8.4 million as part of "Other income" in profit or loss.

Depreciation of property revaluation for the years ended December 31, 2012 and 2011 amounting to Baht 71.2 million and Baht 72.3 million, respectively.

9. COMPUTER SOFTWARE

	In Thousand Baht		
	Computer software	Computer software under installation	Total
Cost			
Balance as at January 1, 2011	4,667	245	4,912
Additions	1,190	-	1,190
Transfer – net	195	(245)	(50)
Balance as at December 31, 2011	6,052	-	6,052
Additions	621	-	621
Balance as at December 31, 2012	6,673	-	6,673
Accumulated amortization			
Balance as at January 1, 2011	846	-	846
Amortization charge for the year	1,096	-	1,096
Balance as at December 31, 2011	1,942	-	1,942
Amortization charge for the year	1,229	-	1,229
Balance as at December 31, 2012	3,171	-	3,171
Net book value			
At December 31, 2011	4,110	-	4,110
At December 31, 2012	3,502	-	3,502

10. CREDIT FACILITIES

As at December 31, 2012, the Company has agreement with local financial institutions for the following credit facilities:

	In Thousand Baht
Short-term loan	2,990,000
Bank overdraft	120,000
Letter of credit and trust receipts	990,000
Forward contract	220,000
Letter of guarantee	11,651
Total	<u>4,331,651</u>

The credit facilities are secured by:

- a) Mortgage major part of the Company's land and structures, and
- b) The insurance coverage on structures and certain merchandises are assigned to the banks.

Bank overdrafts and short-term loans from financial institutions

	In Thousand Baht	
	2012	2011
Bank overdrafts	2,798	12,797
Trust receipts	156,819	170,591
Short-term loans from financial institutions	100,000	1,180,000
Total	<u>259,617</u>	<u>1,363,388</u>

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest at the rates MLR – 2% per annum in 2012 and ranging from MLR -1.25% to MOR - 1.25% per annum in 2011.

Long-term loans

As at December 31, 2011, the periods to maturity of the long-term loans were as follows:

	In Thousand Baht
Within one year	273,777
After one year but within five years	911,787
Total	<u>1,185,564</u>

Details of long-term loans as at December 31, 2011 are as follows:

Percentage Interest rate	In Thousand Baht		Periods of repayment	
	Monthly repayment	Amount	From	To
MLR	3,100 (Including interest)	64,268	July 2008	June 2014
MLR	2,200 (Including interest)	26,074	October 2007	June 2013
MLR	As stipulate in agreement	112,800	April 2008	July 2014
MLR ^(a)	2,230	73,650	September 2010	August 2016
MLR ^(b)	2,300	98,110	May 2011	April 2016
MLR ^(c)	2,460	97,296	August 2011	July 2017
MLR-0.25 ^(d)	3,550	166,450	December 2011	November 2015
MLR ^(e)	2,050	172,000	November 2012	October 2019
MLR-0.25 ^(f)	4,170	200,000	May 2012	June 2015
MLR-0.25 ^(g)	84	4,916	November 2011	October 2016
MLR ^(h)	2,030	170,000	November 2012	October 2019
Total long-term loans		<u>1,185,564</u>		

^(a) MLR minus 1.5% per annum up to September 2012.

^(b) MLR minus 1.5% per annum up to May 2013.

^(c) MLR minus 1.5% per annum up to August 2013.

^(d) MLR minus 1.75% per annum up to November 2011 and MLR minus 1.5% per annum up to November 2013.

^(e) MLR minus 1.5% per annum up to December 2013 and MLR minus 0.25% per annum up to December 2015.

^(f) MLR minus 1.75% per annum up to April 2012 and MLR minus 1.5% per annum up to April 2014.

^(g) MLR minus 1.75% per annum up to October 2012 and MLR minus 1.5% per annum up to October 2014.

^(h) MLR minus 1.75% per annum up to November 2012, MLR minus 1.5% per annum up to November 2014 and MLR minus 0.25% per annum up to November 2016.

The Company repaid all long-term loans in November 2012.

11. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	In Thousand Baht					
	2012			2011		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	4,321	236	4,557	4,297	425	4,722
After one year but within five years	3,001	58	3,059	7,322	294	7,616
Total	7,322	294	7,616	11,619	719	12,338

The Company entered into hire-purchase contracts with a local financial institution and a local company covering its transportation. Under the terms of the contract, the Company must comply with certain conditions covering the leased assets.

As of December 31, 2012 and 2011, the Company had future minimum lease payment under the hire-purchase contracts as follows:

Years	In Thousesand Baht	
	2012	2011
2012	-	4,722
2013	4,557	4,557
2014	3,059	3,059
Total	7,616	12,338

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht	
	2012	2011
Accrued underwriting fee and other related expenses	54,256	-
Accrued expenses	43,531	16,639
Accrued bonus	18,000	16,329
Deposits received in advance	14,087	9,814
Other account payable	9,111	4,556
Others	14,892	12,627
Total	153,877	59,965

13. LIABILITY FOR POST-EMPLOYMENT BENEFITS

The Company has used an option to recognize post-employment benefits, as at January 1, 2011 amounted to approximately Baht 5.5 million as expense in profit or loss on a straight-line basis over five years starting from January 1, 2011. The Company has recorded past service cost as expense in profit or loss for the years ended December 31, 2012 and 2011 amounted to Baht 1.1 million each.

Movements of liability for post-employment benefits for the year ended December 31, 2011 are as follows:

	In Thousand Baht	
	2012	2011
Liability for post-employment benefits as at January 1,	4,337	-
Current service cost	4,059	1,493
Interest cost	393	247
Past service cost	1,096	1,096
Actuarial loss	5,696	1,501
Expense recognized in profit or loss	11,244	4,337
Employee benefits paid during the year	-	-
Liability for post-employment benefits as at December 31,	15,581	4,337

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 4.5% per annum
- Salary increase rate 7% per year
- Employee turnover rate 5% per year in 2012 and 5% and 10% per year in 2011
- Mortality rates Based on Thai Mortality Table (year 1997)
- Disability rates 15% of Thai Mortality Table (year 1997)

14. SHARE CAPITAL, DIVIDENDS AND WARRANTS

	In Baht Par value	In Thousand Shares / In Thousand Baht			
		2012		2011	
		Number	Amount	Number	Amount
Authorized					
At January 1,					
- ordinary shares	1	1,720,000	1,720,000	960,000	960,000
Increase		560,000	560,000	760,000	760,000
Decrease		(40,000)	(40,000)	-	-
At December 31,					
- ordinary shares	1	2,240,000	2,240,000	1,720,000	1,720,000
Issued and fully paid-up					
At January 1,					
- ordinary shares		1,449,927	1,449,927	960,000	960,000
Stock dividend		289,985	289,985	480,000	480,000
100% call for		224,000	224,000	-	-
Exercise of warrants		187,760	187,760	9,927	9,927
At December 31,					
- ordinary shares		2,151,672	2,151,672	1,449,927	1,449,927

At the annual general meeting of the shareholders of the Company held on April 28, 2011, the shareholders pass the resolution to increase authorized share capital from Baht 960,000,000 (960,000,000 ordinary shares at Baht 1 par value) to Baht 1,720,000,000 (1,720,000,000 ordinary shares at Baht 1 par value). The Company registered the capital increase with the Ministry of Commerce on May 19, 2011.

At the annual general meeting of the shareholders of the Company held on April 18, 2012, the shareholders pass the resolution to increase authorized share capital from Baht 1,720,000,000 (1,720,000,000 ordinary shares at Baht 1 par value) to Baht 2,055,999,992 (2,055,999,992 ordinary shares at Baht 1 par value). The Company registered the capital increase with the Ministry of Commerce on May 11, 2012.

At the extra-ordinary meeting of the shareholders of the Company held on October 1, 2012, the shareholders the pass the following resolutions:

- a) A decrease in the Company's authorized share capital from Baht 2,055,999,992 (2,055,999,992 ordinary shares at Baht 1 per value) to Baht 2,015,999,926 (2,015,999,926 ordinary shares at Baht 1 per value).
- b) An increase in the Company's authorized share capital from Baht 2,015,999,926 (2,015,999,926 ordinary shares at Baht 1 per value) to Baht 2,239,999,926 (2,239,999,926 ordinary shares at Baht 1 per value).
- c) The allocation of 224,000,000 new ordinary shares to the new investor (SCG Distribution Co., Ltd.) on a private placement basis of Baht 14 per share.

The Company registered the changes in a) and b) above with the Ministry of Commerce on October 2, 2012 and October 3, 2012, respectively.

On November 6, 2012, the Company issued 224,000,000 ordinary shares to SCG Distribution Co., Ltd. at Baht 14 per shares. Cash received from this issuance amounting to Baht 3,136 Million (consisting of paid-up share capital amounting to Baht 224 Million and share premium amounting to Baht 2,912 million). The underwriting fee and other related expense amounting to Baht 54.6 Million had presented deduct in share premium. The Company registered the increase in paid-up share capital with the Ministry of Commerce on November 7, 2012.

Dividends

At the annual general meeting of the shareholders of the Company held on April 28, 2011, the shareholders approved the appropriation of dividends of Baht 0.55 per share, amounting to Baht 533.33 million, from the net profit of 2010. The dividend was paid by stock dividend of Baht 480 million (480 million ordinary shares at Baht 1 par value) and by cash dividend of Baht 53.33 million on May 19, 2011. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 19, 2011.

At the annual general meeting of the shareholders of the Company held on April 18, 2012, the shareholders approved the appropriation of dividends of Baht 0.22 per share, amounting to Baht 322.21 million, from the net profit of 2011. The dividend was paid by stock dividend of Baht 289.99 million (289.99 million ordinary shares at Baht 1 par value) and by cash dividend of Baht 32.22 million on May 11, 2012. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 11, 2012.

Warrants

The Company issued and offered 239,999,983 units of free warrants on May 19, 2011 to the existing shareholders on the basis of 4 ordinary shares for 1 unit of warrant. The terms of the warrants are as follows:

Exercise ratio:	1 unit of warrant to 1 new ordinary share (the exercise ratio may from time to time be changed in accordance with the adjustment provisions of the warrants.)
Exercise price per share:	Baht 7.50 per share (the exercise price may from time to time be changed in accordance with the adjustment provisions of the warrants.)
Exercise period:	The warrants shall be exercisable, in whole or in part, after the six months of the issuing date of the warrants. The exercise date is on November 18, 2011, May 18, 2012, November 16, 2012 and the last exercise date will be on May 17, 2013.

On June 14, 2011, the Stock Exchange of Thailand granted the Company's warrants 239,999,983 units status as a listed stock and permitted the warrants to be traded on the Stock Exchange of Thailand (SET).

On November 18, 2011, 9,926,868 warrants were exercised for 9,926,868 ordinary shares. Cash received from the warrant exercise amounted to Baht 74.4 million (consisting of paid-up share capital amounting to Baht 9.9 million and share premium amounting to Baht 64.5 million). The Company registered the increase in paid-up share capital with the Ministry of Commerce on November 28, 2011.

On March 21, 2012, the Company changed the exercise ratio and price as follows:

	Existing	New
Exercise ratio (per 1 unit of warrant)	1.00	1.20
Exercise price (Baht per share)	7.50	6.25

On May 18, 2012, 16,165,109 warrants were exercised for 19,398,130 ordinary shares. Cash received from the warrant exercise amounted to Baht 121.2 million (consisting of paid-up share capital amounting to Baht 19.4 million and share premium amounting to Baht 101.8 million). The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 28, 2012.

On November 16, 2012, 140,301,223 warrants were exercised for 168,361,466 ordinary shares. Cash received from the warrant exercise amounted to Baht 1,052.3 million (consisting of paid-up share capital amounting to Baht 168.4 million and share premium amounting to Baht 883.9 million). The Company registered the increase in paid-up share capital with the Ministry of Commerce on November 26, 2012.

As at December 31, 2012, the unexercised warrants was 73,606,783 units.

15. SHARE PREMIUM

The share premium is set up under the provision of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The share premium is not available for dividend distribution.

16. LEGAL RESERVE

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

17. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht	
	2012	2011
Changes in merchandises	(1,879,258)	(414,694)
Purchase of merchandises	10,867,673	7,295,688
Employee costs	403,981	284,662
Depreciation and amortization	282,765	221,706
Finance costs	157,708	130,324
Utility expenses	63,648	39,783
Management remuneration	33,466	25,438
Marketing, advertising and sale promotion expenses	33,795	19,802

18. INCOME TAX

The Company used income tax rate of 23% for the calculation of corporate income tax for the year ended December 31, 2012 attributable to the Section 5 of the Royal Decree Issued under the Revenue Code Regarding Deduction in Tax Rate (No. 530) B.E. 2554 and used income tax rate of 25% for the calculation of corporate income tax for the year ended December 31, 2011 attributable to the Section 3 and Section 4 of the Royal Decree Issued under the Revenue Code Regarding Deduction in Tax Rate (No. 467) B.E. 2550.

19. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share for the years ended December 31, 2012 and 2011 are determined by dividing the profit by the weighted average number of ordinary shares outstanding during the years, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 480 million shares on May 19, 2011 and 289.99 million shares on May 11, 2012. The number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported as follows:

	In Thousand Baht / In Thousand Shares	
	2012	2011
Profit for the year	609,004	490,604
Number of ordinary shares outstanding at January 1,	1,739,912	1,729,985
Effective of conversion shares and issue of new shares	67,517	1,197
Weighted average number of ordinary shares outstanding (basic)	1,807,429	1,731,182
Earnings per share (basic) (Baht)	0.3369	0.2834

Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2012 and 2011 are determined by dividing the profit by the weighted average number of ordinary shares outstanding during the years after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 480 million shares on May 19, 2011 and 289.99 million shares on May 11, 2012. The number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported and adjusting for the effects of all dilutive potential ordinary shares as follows:

	In Thousand Baht / In Thousand Shares	
	2012	2011
Profit for the year	609,004	490,604
Number of ordinary shares outstanding (basic)	1,807,429	1,731,182
Effective of exercise of warrants	123,178	17,757
Number of ordinary shares outstanding (diluted)	1,930,607	1,748,939
Earnings per share (diluted) (Baht)	0.3154	0.2805

20. SEGMENT INFORMATION

Management considers that the Company operates in a single line of business, namely the construction supplies business, and has therefore, only one business segment.

Management considers that the Company operates mainly in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

21. PROVIDENT FUNDS

The Company has established contributory provident funds for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% of their basic salaries and by the Company at the same rate. The provident funds are registered with the Ministry of Finance as juristic entities under the Provident Fund Act B.E. 2530 and are managed by licensed Fund Managers.

22. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for trading purposes.

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases of goods which are denominated in foreign currencies.

As at December 31, 2012, the Company has an outstanding balance of short-term forward purchase contract of U.S. Dollars 0.2 million (equivalent to Baht 5.9 million). The above contract matures in May 2013. The outstanding unhedge foreign currency liabilities due within one year amounted to U.S. Dollars 0.4 million.

Management believes that said foreign currency risk is minimal.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents and trade accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Bank overdraft and short-term loans from financial institutions, trade accounts payable and other payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Available-for-sale investments are determined by reference to its quoted bid price.

Long-term loans mainly bear interest at floating rate, reference to the market rate - the carrying value approximates their fair value.

23. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2012, the Company had:

- a) commitment to purchase land from third parties amounting to Baht 129 million, and
- b) unused letters of credit totaling U.S. Dollars 7 million (equivalent to Baht 214.7 million).

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for dissemination by the Company's directors on February 21, 2012.