



# ANNUAL REPORT 2013

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED





# GLOBAL CSR 2013



The company donated 500,000 baths to Khon Kaen University's medical funds,

“Srinakharin Day’s Fund”.

The Company realizes our roles and responsibilities for our community and society.



## Social Responsibility Activities.

In 2013 the Company has donated to Thai Red Cross ,Government Official , Schools ,Foundations and Social Public Charities that given on the date of grand opening new stores . The Company has been cooperating well from the partners







## ใช้ร้อยละ 3 ล้าน

ซื้อครบ **200.-** รับคูปอง แจกกระหน่ำ ซิงโคร 4 คัน

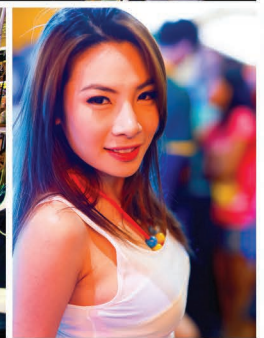
กระป๋องน้ำดื่ม BT-50 Pro รุ่น พรีเมียม 4x2 S 2.2L  
 800 บาท 15 ลิตร, iPhone 5 16 GB 20 เครื่อง, โทรทัศน์ LCD รุ่น TH-L32C5T 32 นิ้ว, เครื่องซักผ้า 50 เครื่อง, เครื่องดูดฝุ่น 100 เครื่อง













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# MESSAGE FROM THE CHAIRMAN



## Dear Shareholders and Stakeholders

In 2013, The world economy is unstable derived from The negative news in Europe. The unemployed in The United State of American is stills high. The economy in China is slow down and the growth in Thailand is low while Thai baht appreciation against the importing business and the government began the policy to stimulate the economy by First Car, First House and Tourist Supporting Project thus increase purchasing power. In the end of a year, the beginning of big protest against the government in Bangkok to dissolution of parliament which affected to government's expenditure has decreased. However, Siam Global House Public Company Limited has continuously growth from the last year up to 33%. The sales volume are increased by same stores and 7 new stores and the benefit are increased by sales volume while the expenditure are significance decreased.

The director and management committee are confidently with the economy recovery in the future compose with Thailand are about entering to ASEAN Community in 2018 thus The company are intending to increase the number of branches up to 12 branches a year either do information research to increase the number of branches in neighbor country.

The company are still stand for obligation of community and environment by supporting scholarship for children , Foundation for Poor people , Treat For Children and Patient (Wounded and HIV) and Green Living by repair the public place and Paper less Project.

I, Management committee and employee of Siam Global House Public Company Limited are proud to be one part of the company to develop the management system to support the expansion among the aggressive competition for sustainable growth and grow the benefit for shareholder and stakeholders. And finally, I would like to thank you the shareholder and stakeholders, customers, partnership, financial institutions and all supporter for well over the trust.

Best Wishes

A handwritten signature in blue ink, appearing to read "Apisit", with a long, sweeping horizontal line extending to the right.

Mr. Apisit Rujikeatkamjorn

Chairman

15 March 2014





# MESSAGE FROM CHIEF EXECUTIVE OFFICER



Dear Shareholders,

For the first half of this year, the overall economy of Thailand has been doing well despite signals of potential slow down specifically in the auto industry affected by the government's first car policy. Nonetheless, the same store growth has performed well compared to the overall economy. In the third quarter and fourth quarter the economic slowdown became more apparent. One of the main reasons was due to the government's financial problems associated with the rice pledging scheme of which they were unable to pay 130 billion Baht promised to farmers as well as increased household debt caused by the first car policy. Also the prolonged rainy season adversely affected the construction industry as well as increased competition in some areas of Thailand resulting in slower same store growth. On the other hand, last year we opened 7 new stores from the target of 12 but which still allowed us to achieve 33% growth.

For the year 2014, we will continue to expand the number of stores upcountry and around Bangkok's vicinity regardless of Thailand's GDP slowdown. Last year we received a Credit rating of A- and raised funds by issuing Bonds. We will use this money to fund expansion of new stores.

Another focal point for this year will be to continue to effectively manage the operating costs in order for us to handle potential economic slowdown and increased competitions. Finally we expect to open our new Distribution Centre in Wang Noi within the fourth quarter this year.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Witoon Suriyawanakul".

Witoon Suriyawanakul  
Chief Executive Office  
15 March 2014





## 1. 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	:	<a href="http://www.globalhouse.co.th">www.globalhouse.co.th</a>
Registered Capital	:	2,613,333,247 Baht
Paid-up Capital	:	2,613,217,324 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 27 stores covering 3 regions; the central and the eastern 4 branches; Rayong, Chonburi, Nakhon Pathom and Ratchaburi, the northeastern 14 branches; Roi Et, Khon Kaen, Udon Thani, Kalasin , Maha Sarakham, Nong Khai, Nakhon Ratchasima ,Sakon Nakhon ,Nakhonphanom ,Chaiyaphum ,Surin, Mukdahan ,Ban-Phai (Khon Kaen) and Ubonratchatani , the northern 9 branches; Chiang Mai , Nakhon Sawan , Phitsanulok , Lumphoon ,Phare , Lampang ,Nan , Sukhothai and Kampangeth.

Now the Company is in the process of construction 7 branches at Ban-Tad(Udonthani) ,Lopburi ,Trad , Chanthaburi , Petchaboon , Nongbualamphu and Buriram ,that will be opened later in this year. Each branch locates in the best location for customers.

The company’s objective is to become the leader in retail business of construction and home improvement segment in order to provide our customers with varieties products all at affordable in one store. And realized that the business growth is continuing must come from the growth of the business and expanding stores. Therefore, the Company is focus on serving of the customers’ needs. It will be considered for a review of products and services processes , sourcing of products , reasonable pricing , an efficient storage of goods and cost effective. As well as goods presentation in each store that depend on consumers behavior. In addition, the Company aims to expand stores which coverage the provinces to response the consumers’ need. Now the Company operates 27 branches as follow :

No	Branch	Address	Operation Date	AREA (sq.m.)
1	Roi Et	232 Moo 19 T.Robmung A.Muang Roi Et 45000	14 November 1997	20,200
2	Khon Kaen	377 Moo 21 Maliwan Rd. T.Ban Ped A.Muang Khon Kaen 40000	19 January 2002	23,280
3	Udon Thani	202 Moo 5 T.Sam Prao A.muang Udon Thani 41000	15 May 2004	20,420
4	Wieng Khum Kam	99/3 Moo 11 T.Tha Wangtal A.Sarapee Chiang Mai 50140	6 July 2006	28,000
5	Rayong	137 Moo 4 T.Tub Ma A.Muang Rayong 21000	21 October 2007	24,482
6	Chon Buri	25/74 Moo 3 T.Ban Suan A.Muang Chon Buri 20000	28 June 2008	26,150
7	Nakhon Prathom	222 Moo 8 T.Lam Phaya A.Muang Nakhon Prathom 73000	27 September 2008	23,585



No	Branch	Address	Operation Date	AREA (sq.m.)
8	Ratch Buri	280 Moo 2 T.Chedee Hak A.Muang Ratch Buri 70000	19 September 2009	22,135
9	Kalasin	193 Moo 10 T.Lam Phan A.Muang Kalasin 46000	27 March 2010	18,250
10	Nakhon Sawan	99/6 Moo 10 T.Nong Kot A.Muang Nakhon Sawan 60240	26 June 2010	20,030
11	Maha Sarakam	99/6 Moo 10 T.Nong Kot A. Muang Nakhon Sawan 60240	25 December 2010	23,650
12	Nong Khai	365 Moo 6 T.Nong Kom-Kao A.Muang Nong Khai 43000	12 March 2011	24,290
13	Nakhonratchasima	493 Moo 2 T.Ban Kao A.Muang Nakhon Ratchasima 30000	8 October 2011	31,884
14	Sakhon Nakhon	444 Moo 9 Ban Na-Aoy Rd. T.That -Chongchum A.Muang Sakhon Nakhon 47000	3 March 2012	24,290
15	Nakhon Phanom	151 Pinit Rangsan Rd. T.Nai Muang A.Muang Nakhon Phanom 48000	7 April 2012	25,340
16	Chaiyaphum	8 Moo 11 T.Nong Nasang A.Muang Chaiyaphum 36000	23 June 2012	24,750
17	Surin	88 Moo 13 T.Cha Neang A.Muang Surin 32000	3 November 2012	24,561
18	Phitsanulok	9/9 Moo 7 T.Wat Chan A.Muang Phitsanulok 65000	1 December 2012	24,454
19	Lamphun	161 Moo 5 T.Weing Young A.Muang Lamphun 51000	8 December 2012	25,462
20	Mukdahan	35/8 Chayangkun Rd . T.Mukdahan A.Muang Mukdahan 49000	22 December 2012	27,708
21	Phare	158 Moo 2 T.Rongkat A. Sungmen Phare 54130	9 March 2013	22,676
22	Lampang	518 Moo 11 T. Pongsanthong A.Muang Lampang 52000	18 May 2013	27,060



No	Branch	Address	Operation Date	AREA (sq.m.)
23	Nan	340 Moo 4 T. Chaisatan A. Muang Nan 55000	22 June 2013	26,602
24	Sukhothai	88 Moo 6 T.Bankluy A. Muang Sukhothai 64000	20 July 2013	30,023
25	Ban Pai	77 Moo 6 T. Hua Nong A. Ban Pai Khon Kaen 40110	3 August 2013	21,769
26	Kampangpetch	11 Moo 10 T.Nakonchum A.Muang Kampangpetch 62000	28 September 2013	26,751
27	Ubonratchathani	90 Moo 11 T.Thad A. Warinchumrab Ubonratchathani 34190	21 December 2103	25,372



## 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 2011		31 Dec 2012		31 Dec 2013	
	Amount	%	Amount	%	Amount	%
Sale Revenue	8,187.85	97.58	10,782.57	97.15	14,302.44	97.05
- Construction Materials Group	2,902.03	34.59	3,893.98	35.08	5,094.78	34.57
- Furniture Group	5,285.82	62.99	6,888.59	62.07	9,207.66	62.48
- Other Revenue	203.36	2.42	316.25	2.85	434.25	2.95
Total Revenue	8,391.21	100.00	11,098.82	100.00	14,736.69	100.00

Notes : Other revenue is the revenue service, rental, interest income and other income from gain and loss of foreign exchange, in store promotion of vendors.

## 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
<b>1. Construction Materials Group</b>		
- Cement and Structure	Cement Portland, Cement Plaster	113
- Steel, Tack and Wire	Steel Round, Steel Deformed bars	970
- Tile and Equipment Installation	Ceramic Tile, Concrete Tile	3,395
- Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	7,883
<b>2. Hardware and Decorative Group</b>		
- Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	5,549
- Tools	Steels Tools, Wood Tools etc.	17,789
- Electricity and Equipment	Switch, Plug, Cables, Lighting, Home Appliances	21,061
- Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	13,168
- Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	11,487
- Painting and Chemical material	Paints, Base, Oil	7,691
- Furniture Equipment	Flap, Connector, Lock equipment and Placeholder	3,348
- Furniture and Home ware	Closet, Chair, bed	5,776
<b>Total of Goods</b>	<b>98,230</b>	

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.



## 2. Marketing and Competition

### Industry Overview

In 2013, the overview of the construction materials and home furnishings industry have dramatically grown continuously. Especially, the building materials market in upcountry which effect from economic growth, trading and investment that increase of construction activities. The modern trade from centralized expand in upcountry market with greater potential. As a result of the building materials and furnishings in upcountry has higher level of competition.

The minimum wage policy of the government and local's consumes behavior has change to fix and re furnishing of housing by themselves that stimulate the huge of sales of building materials and home furnishings. As a result, the entrepreneurs had revised business plans to response the consumers' needs and 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 64 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 35 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 5 branches. They establish on Ubon Ratchathani for 3 branches, Khon Kaen and Udonthani.

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 5 branches and establish on Ubon Ratchathani, Nakhon Ratchasima, Pathumthanee (Rung Sit, Klong 7), Khon Kaen and Udonthani.

1.6 MEGA HOME manage by Mega Home Center, the building materials distribution center and appliances. The major shareholder is Home Product Center Public Company Limited was operated 2 branches in the year 2013, Mae Sot branch and Rangsit branch.

1.7 Baan & BEYOND manage by CRC Thai Watsadu Co.,Ltd. It's department store for home and operated in year 2013 , established in Chiangmai and Khon Kean.

## 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 is comfortable. The store displays plenty of product and is easy to find under the concept; effective, fast and easy in order to be a 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 is hard to find anywhere else.

Furthermore, the company emphasizes 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.

### 3. Risk Factors

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

#### Business Operation Risk :

In the past year, the building material and furnishing market had still high level competition. Especially the modern trade had expanded in greater upcountry area. The behavior local's consumers had changed to fixed and furnished by themselves that stimulate sales of building materials and home furnishings market is enormous, as a result of high competition.

The Company have realized on the risk and impact to the business operations and in order to business operating with target. The Company has determined the risk and risk management that may occur as follows.

#### 1. Expansion Risk

In 2013, the company has opened 7 new branches that totaling 27 branches coverage 26 provinces i.e. Roi-Et Khon Kaen(2 stores), Udonthani, Chiang Mai, Rayong, Chonburi, Nakhonprathom, Ratchaburi, Kalasin, Nakhonsawan, Maharakam, Nong Kai, Nakhonratchasima, Sakon Nakhon, Nakhon Phanom, Chaiyaphum, Surin, Phitsanulok, Lamphun, Mukdahan, Phare, Nan, Lampang, Sukhothai, Kampangeth and Ubonratchathani. Now, the Company still has 7 branches which have been construction i.e. Ban Tad (Udonthani), Lopburi, Trad, Chantaburi, Petchaboon, Nongbualampu and Buriram which would be operate in 2014.

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.

#### 2. Inventory Risk

As at December 31st, 2011, December 31st, 2012, and December 31st, 2013, the Company had inventory of 3,093.59 million Baht, 4,974.85 million Baht and 6,663.90 million Baht respectively, or in percentage to total asset are 37.19%, 41.43% and 41.53%. 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.



### 3. 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.

### 4. 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.

### 5. 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.

### 6. 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.

### 7. 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

## 8. 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.

## Financial Risk

### 1. Financial Risk

Although the Company will repayment the long term loan to the banks ,but still keep the relationship by continuing to use credit limit with several banks in order to increase the ability of negotiate.

In addition, the company policy is to sell our product mostly in cash and hence most of our revenue is in cash. As in 2011 was 98.66% , in 2012 was 99.93 % and in 2013 was 99.99%. 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, 2013 the Company has account receivable of 13.47 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 2013 ,the Company had almost no debt at all.

### 2. 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, 2013 to defend any risk if occur. The volume of monetary is 2,600 million baht and credit used is 776.44 million Baht. However, company did not use those money until now because it is not effected to company.



## Right of Shareholders

### The Major Shareholders' Risk more than 25%

As at 31 December 2013 the Suriyawanakul and SCG Distribution Co.,Ltd. are the major shareholders that totaling 1,752,364,738 shares or 67.06% of the total issued shares. Therefore the Suriyawanakul and SCG Distribution Co.,Ltd. can control the resolution of the shareholders passed at all, the appointment directors or other matters that require the approval of a majority of the shareholders' meeting. Exception to the law or the Company determines to get 3/4 votes of AGM. So the other shareholders may not have enough votes to check and balance that proposed by major shareholders.

## 4. Assets for Business Operation

### Fix Assets

Company's Asset for business operation as at 31st December 2013

List of property	Amount (Unit: Thousand Baht)
Land and Improvement (Cost)	3,991,731.73
Land and Improvement (Re - valuation)	1,230,762.35
Plant &Equipment - (Historical Cost )	3,264,898.94
Plant &Equipment - (Revaluation)	911,496.43
Plant &Equipment (Work in process)	462,401.49
Advance Payment - Land	82,620
Vehicles	190,740.46
Computer Programs	8,160.83
Computer Programs (Work in process)	2,000.91
<b>Total</b>	<b>10,144,813.14</b>
<u>deduct</u> Accumulated Depreciation - (cost)	-1,076,985.74
Accumulated Depreciation - (Revaluation)	-450,496.80
Accumulated Amortization	-4,808.03
<b>Net fixed assets (Include Software)</b>	<b>8,612,522.57</b>

**Note :** Asset value from the table above also has provided in section 8-9 and as at 31st December 2013, 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 11 of note to financial statement.

### Investment As at 31st December 2013

#### 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 2011, 2012 and 2013, the company has total intangible assets of 4,109,710 Baht, 3,502,054 Baht and 5,353,717 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.



## 5. Capital Structure

### Security & Shareholders

As, at December 31, 2013, the Company has the authorized capital of 2,613,333,247 Baht. The common stock of 2,613,217,324 shares, there are paid-up capital amount 2,613,217,324 Baht and par values at 1 Baht per share.

The top shareholders holding the shares on the closing date as of December 31, 2013

#### Top Ten Shareholders :

Rank	Name	Shares	Percentages(%)
1	The Suriyawanakuls	968,007,407	37.04
2	SCG Distribution Company Limited	784,357,331	30.02
3	Mr. Jearanai Lerdrachkul	51,887,780	1.99
4	Mrs. Pitchaya Boonprasom Poonlarp	39,224,300	1.50
5	Mr. Boonyong Thanyawu	31,038,000	1.19
6	Mr. Phittaya Mahithiwanitcha	26,502,000	1.01
7	Thai N V D R Company Limited	24,597,090	0.94
8	Mrs. Pawena Kositjiranan	19,219,902	0.74
9	Bualuang Long -Term Mutual Funds (LTF)	18,104,500	0.69
10	Mrs. Suthathip Thechakunnawut	16,995,528	0.65
11	Others	633,283,486	24.23
Total		2,613,217,324	100.00

Note : Details of the Suriyawanakuls as following table

### The Suriyawanakuls

Rank	Name		Shares	Percentages(%)	
1	Mr.	Witoon	Suriyawanakul	438,654,514	16.79
2	Mr.	Anawat	Suriyawanakul	318,900,124	12.20
3	Mrs.	Warunee	Suriyawanakul	124,311,089	4.76
4	Ms.	Kunnatee	Suriyawanakul	29,970,776	1.15
5	Mr.	Kriangkai	Suriyawanakul	26,943,934	1.03
6	Mr.	Rattanawadee	Suriyawanakul	19,261,308	0.74
7	Ms.	Pathumwan	Suriyawanakul	3,519,781	0.13
8	Mr.	Witthaya	Suriyawanakul	1,400,266	0.05
9	Mrs.	Karuna	Suriyawanakul	1,400,000	0.05
10	Mr.	Wibool	Suriyawanakul	1,259,300	0.05
11	Mr.	Yutthana	Suriyawanakul	1,015,000	0.04
12	Mr.	Phongsak	Suriyawanakul	635,367	0.02
13	Mr.	PongKorn	Suriyawanakul	346,666	0.01
14	Mr.	Apilas	Suriyawanakul	291,666	0.01
15	Mr.	Jakkapong	Suriyawanakul	39,000	0.00
16	Mr.	Phichit	Suriyawanakul	35,133	0.00
17	Mr.	Adisak	Suriyawanakul	11,000	0.00
18	Mr.	Jarupon	Suriyawanakul	10,033	0.00
19	Ms.	Nipapan	Suriyawanakul	2,450	0.00
	Total		968,007,407	37.04	

## 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.

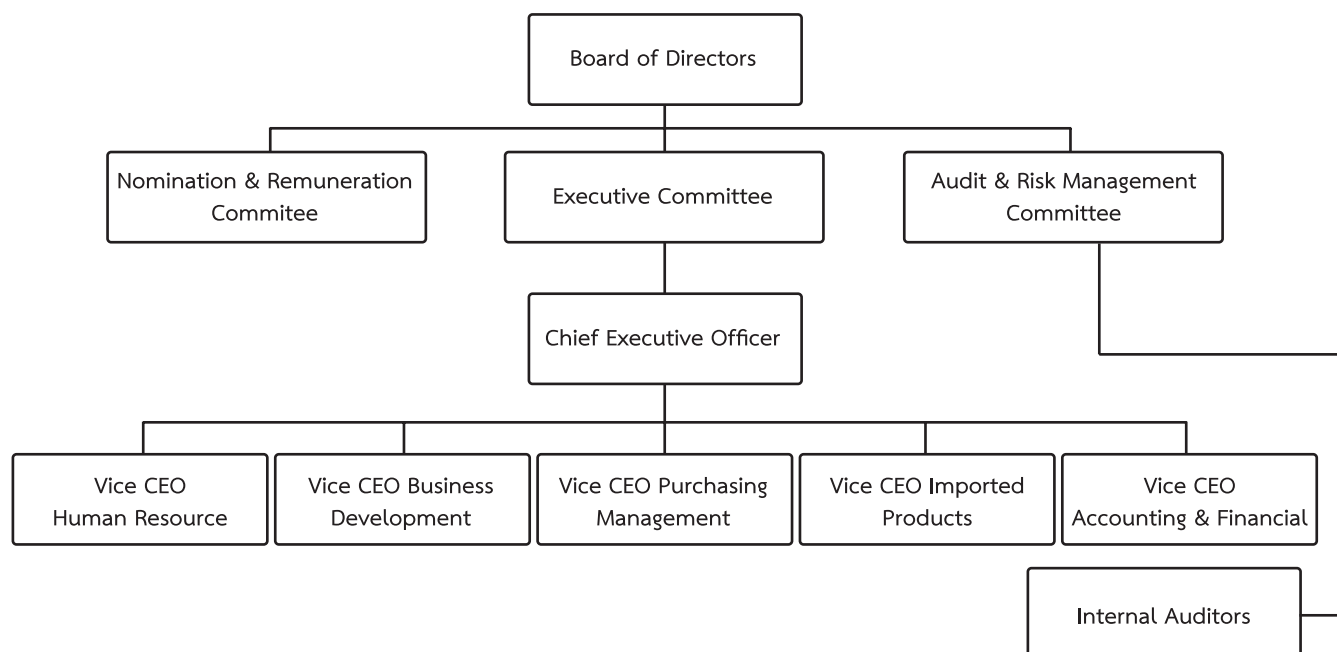
Dividend for the year 2009 -2012.

Year	2009	2010	2011	2012
Earnings per share	0.4489	0.3772	0.3404	0.3369
Dividend per share	0.1300	0.5555	0.2222	0.1851
Dividend Payout Ratio (%)	34.77	155.03	69.20	68.88



## 6. Management Structure

The Organization Chart as at 31 December 2013



### Management

The structure of Company's management consists of the Board of Directors, Sub-Committees, Executive Committee, Audit & Risk Management Committees and Nomination & 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.Apsit Rujikeatkamjorn	Chairman/ Independent Director
2. Mr.Witoon Suriyawanakul	Director
3. Mr.Anawat Suriyawanakul	Director
4. Mrs.Warunee Suriyawanakul	Director
5. Assoc. Prof. Phornsiri Thivavarnvongs	Chairman of Audit & Risk Management Committee/ Independent Director
6. Mr. Pornsak Sakpunpanom *	Audit & Risk Management Committee/ Independent Director
7. Mr. Surasak Chuntori	Audit & Risk Management Committee/ Independent Director

Name of Directors	Position
8. Mr. Kajohndech Saengsubhan	Director
9. Mr. Nithi Phatrachok	Director
10. Mr. Pichit Maipum **	Director

Note :

\*The AGM 2013 , 4 April 2013 approved and appointed Mr.Pornsak Sakpunpanom to be Audit Committee and Independent Director replaced Assoc. Prof. Dr. montree Saktiyanuraks who resigned on 6 March 2013.

\*\* The Board of Directors' Meeting appoint Mr.Pichit Maipum to be director replaced Mr.Aree Chawalitchevinkul who resigned on 31 October 2013

#### 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. Nithi	Phatrachoke	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.Phornsiri Thivavarnvongs	Chairman of Audit &Risk Management Committee/ Independent Director
2. Mr.Pornsak Sakpunpanom	Audit &Risk Management Committee
3. Mr. Surasak Chuntori	Audit &Risk Management Committee

### Note :

1) The AGM 2013, 4 April 2013 approved and appointed Mr.Pornsak Sakpunpanom to be Audit Committee and Independent Director replaced Assoc. Prof. Dr. Montree Saktiyanuraks who resigned on 6 March 2013

2) Assoc. Prof. Phonsiri Thiwawanwong have well knowledge about accounting and financial management and the Board Directors 'Meeting (3/2013) on 24 April 2013 appointed Assoc. Prof. Phonsiri Thiwawanwong to be Chairman of Audit Committee replace Assoc.Prof.Dr. Montree Saktiyanurak

3) In 2013, the Audit Committee attended the seminar CG Forum 4/2556 "The Updated COSO's 2103 Integrated Internal Control ", which set up by SET

## Roles of Audit and Risk Management Committee

### Functions and Responsibilities of the Audit Committee

1. To review the accuracy and sufficiency of the financial reports of the company.
2. To review the company to ensure that the internal control and internal audit systems are suitable and effective, and to review the independence of internal audit section, including approving the appointment, transference, or termination of internal audit section s supervisors (heads) or those of other workgroups responsible for internal audit.
3. To review the company to ensure that their operations are in accordance with securities laws and SET legal requirements, rules and regulations, as well as other laws that may be related to the company s business.

4. To consider, propose, and appoint independent persons who shall be assigned as the company's auditors, to propose their remuneration, and to participate in a meeting with the auditors at least once a year without management team.

5. To review connected transactions and any other transaction that may cause potential conflicts of interest in accordance with SET laws and SET regulations in order to ensure that those items are reasonable and of utmost benefits to the company.

6. To publicize the audit committee report signed by the chairman of the audit committee in company annual report; the report should include the following details:

- a. Opinions on accuracy, completeness and credibility of the company's financial reports;
  - b. Opinions on sufficiency of the company's internal control system;
  - c. Opinions on the company's compliance with securities and SET laws and SET regulations, or business laws related to the company and its subsidiaries;
  - d. Opinions on suitability of auditors of the company;
  - e. Opinions on transactions of possible conflicts of interest;
  - f. The number of audit committee meetings, and attendance of each audit committee member;
  - g. Opinions or observation by the audit committee during their auditing practice according to charter; and
  - h. Other transactions that shareholders and public investors should be informed under the scope of work and responsibilities assigned by the company's board of directors.
7. To take care of any other action assigned by the board of directors with the consent of audit committee

#### **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

#### 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

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

#### Remuneration for Directors

*Remuneration for Meeting* In the annual Shareholders' Meeting 2013 on April 4, 2013, 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.

#### Monthly Remuneration

Chairman	50,000 Baht /Person/Monthly
Independent Director / Director	25,000 Baht/Person/Monthly

#### Remuneration of the BOD 's Meeting

Chairman	35,000 Baht /Person/Time
Directors	30,000 Baht/Person/Time

#### Remuneration of the Sub Committee's Meeting

Chairman	25,000 Baht /Person/Time
Directors	20,000 Baht/Person/Time

#### Detail of Remuneration Directors 2013

Directors		Position	Meeting's Remuneration	Monthly Remuneration	Total (Baht)
Mr. Apisit	Rujikeatkamjorn	Chairman	180,000	510,000	690,000
Mr.Witoon	Suriyawanakul	Chief Executive Officer	175,000	-	175,000
Mr. Anawat	Suriyawanakul	Director	170,000	-	170,000
Mrs.Warunee	Suriyawanakul	Director	150,000	-	150,000
Assoc.Prof Phornsiri	Thiwawanwongs	Chairman of Audit Committee/ Independent Director	240,000	270,000	510,000
Mr. Surasak	Chuntori	Audit Committee/ Independent Director	255,000	270,000	525,000

Directors		Position	Meeting's Remuneration	Monthly Remuneration	Total (Baht)
Mr.Pornsak	Sakpunpanom	Audit Committee/ Independent Director	150,000	225,000	375,000
Mr.Kajondech	Saengsuphan	Director	150,000	270,000	420,000
Mr.Aree	Chavaltichevinkul	Director	120,000	220,000	340,000
Mr.Nithi	Phatrachoke	Director	120,000	270,000	390,000
Mr.Pichit	Maipum	Director	-	50,000	50,000

Note : Mr.Pichit Maipum as a director in placed of Mr. Aree Chavalitchevinkul who resigned on 31 October 2013.

#### Executive Remuneration.

Remuneration of Executives Directors	2011		2012		2013	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	5	15,600,000.00	5	22,020,000.00	5	22,020,000.00
Bonus	5	2,784,233.50	5	2,628,237.00	5	2,625,063.99
Provident Fund	5	438,156.00	5	468,000.00	5	660,600.00
Social Security	5	45,000.00	5	31,500.00	5	36,000.00
Others	5	1,713,840.00	5	2,795,847.00	5	3,152,400.00
<b>Total</b>		<b>20,581,229.50</b>		<b>28,703,584.00</b>		<b>28,494,063.99</b>

#### 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 2013 amount 4,472,412.84 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. The Company invites shareholders to propose meeting agenda in advance to be submit the AGM 2012 from January 10,2013 to February 15,2013
2. 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.
3. The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
4. 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.
5. In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
6. In case of the shareholders cannot attend the meeting that they can appoint Independent Directors to be their proxy .The Company has provided Assoc.Prof Phornsiri Thiwawanwongs and Mr.Surasak as proxies.
7. 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:

Employees : The Company will treat all its employees equally and ensure that they receive fair and appropriate compensation based on their duties and responsibilities.

Partners : The Company will treat its business partners according to the laws and agreement by follow the terms and condition of the borrow and load agreements

Customers : The Company values its customers with respect and care to ensure they will receive products and services at good standard.

Competitors : Follow the rules and regulations of competition without any dishonest and illegal acts to eliminate its competitors

Creditors : The Company comply with contract of terms loan, include providing information correctly.

Shareholders : Shareholders may inform or complaint to the Board of Directors or Audit Committee through the website of the Company. [www.globalhouse.co.th](http://www.globalhouse.co.th)

Community : The Company be careful of the operating not affect to the community's environment. Include comply with laws and regulations involved. We also has social responsibilities activities.

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 for the year 2013

Board of Directors' Meeting		Attend / Total Meeting(times)			
		Audit Committee's Meeting	Nomination & Remuneration Committee's Meeting	Executive Committee's Meeting	
1. Mr.Apsit	Rujikeatkamjorn	6/6			
2. Mr.Witoon	Suriyawanakul	6/6		2/2	10/10
3. Mr.Anawat	Suriyawanakul	6/6		2/2	9/10
4. Mrs.Warunee	Suriyawanakul	6/6			10/10
5.Assoc.Phornsi	Thiwawanwong	6/6	4/4		
6.Mr.Pornsak	Sakpunpanom	3/6	3/4		
7. Mr.Surasak	Chuntori	6/6	4/4	2/2	
8. Assoc.Dr.Montree	Soktiyanurak	1/6	1/4		
9. Mr.Kajohndech	Saengsubhan	6/6			
10. Mr.Nithi	Patarachoke	5/6			4/10
11. Mr.Aree	Chavalitchevinkul	5/6			
12. Mr.Pichit	Maipum	-	-	-	-

**Note :** \*The AGM 2013 , 4 April 2013 approved and appointed Mr.Pornsak Sakpunpanom to be Audit Committee and Independent Director replaced Assoc. Prof. Dr. montree Soktiyanuraks who resigned on 6 March 2013.

\*\* The Board of Directors' Meeting appoint Mr.Pichit Maipum to be director replaced Mr.Aree

Chawalitchevinkul who resigned on 31 October 2013

#### **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

unit : Thousand Baht

Staff's Remuneration	2011		2012		2013	
	Staffs	Amount	Staffs	Amount	Staffs	Amount
Salary	2,232	204,349	3,208	294,627	4,506	448,828
Bonus	1,149	13,016	-	16,879	-	48,783
Provident Fund	1,596	4,708	2,137	6,883	3,104	10,795
Social Security	2,232	9,702	3,208	9,895	4,506	17,212
<b>Total</b>		<b>231,775</b>		<b>328,284</b>		<b>525,618</b>

**Note :** The Bonus of year, 2013 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 2013 which include employees who resigned

### Change in Number of Employee with Significance

By the end of 2011, the number of employees of the Company has increased from the previous year. This is due to the expanding stores from 13 branches at the end of year 2011 to 20 branches at the end of year 2012 and to 27 branches at the end of year 2013 .The amount of staffs at the end of year 2011, 2012 , 2013 were 2,232 persons , 3,052 persons and 3,889 persons respectively.

### The Amount of Staffs during year 2011 -2013

Staff	31 December 2011	31 December 2012	31 December 2013
Amount of Staffs	2,232	3,052	3,889
Amount of Branches	13	20	27

**Note :** The amount of staffs had included staff of new stores that will operate next year.

### Significant Labor Disputes during the past 3 years

– None –

## Employee Training and Development Policy

The Company focus on the value of employees according to the Company's policy that giving priority to human resource management. In addition, the Company is considered to develop the talent of employees to progress in their career which is a factor of the business capacity. And featured on creating a good environment of work to keep employees happy and healthy that lead to job 's creation ,in 5 parts as follow;

### 1. Employees Structure.

The Company pay attention and focus on the communities surrounding of branches' location by support the employment people in the community .In addition to practicum and get experience before graduation. And the employees through the process of nomination committee.

### 2. Rights and Equitable of Employees

The Company adhering to respect the employees' equity and ability with corporate ethics that coverage human rights and comply with regulation. The Company focus on employees' life quality by providing necessary training and chance them to participate in company's activities such as the safety campaign project, the KYT meeting with employees. Furthermore, also supports employees to develop themselves continuously.

### 3. Compensation and Welfare

The Company manage the compensation with the merit system and focus on employees' abilities along with development and self improvement. For the employees' welfare, the Company has appropriate welfare for most employees which accordance with the actual and capabilities of company. In addition ,the Company has improved compensation and welfare regularly for works' stability of employees.

### 4. Health Management

The Company adhering to the policies related to health and safety of employees and targeted "accident must be zero" that the policies cover business partners and communities surrounding of company.

Furthermore ,the human resource committee realized on the importance of project " Year of Safety" that promoted about health and safety and share knowledge and experience to the stakeholders include monitoring the performance.

The activities to support the safety

- Think Safe Work Safe
- Safety Management Framework
- Promote "Year of Safety" project.

## 5. Employees Development

The Company has improve program of employees' development regularly in according to environments' change to ensure that employees are enough knowledge to perform.

Besides the training, the Company has also guidelines for employees' development to increase performance 's capacity.

- e- Learning System
- Skill Base System for employees' function
- Learning by doing at Head Office

## 7. Corporate Social Responsibility

Siam Global House PLC has realized the importance of social responsibilities for many years. The Company has operated social responsibility with concerns on all related parties including shareholders, trading partners, customers and employees which adheres to the principle of social responsibility and set guidelines are as follows;

### 1. Business with Fairness

The Company has operated its business with fairness and understanding on characteristics ,competition and stakeholders of business ; consisting of customers, suppliers and competitors including maintaining in political neutrality to create long-term confidence. This will effect to the long-term benefits on both the Company and the relevant parties.

### 2. Good corporate Governance

The Company encourages the good corporate governance by providing the efficient management system with roles and responsibilities to manage equality and fairness, transparency in order to increase the confidence of the shareholders, stakeholders and all relative parties.

### 3. Anti Corruption

The Company has campaigned and trained its staffs to feel in goodness and honest including also rewards to the employees with beneficence. In addition, the Company has provided a channel to inform or complaint, through the Company's website and secretary.

### 4. Respect for Human Rights and the Treatment of Workers Fairly

The Company support and respect for human rights and the treatment of workers fairly by realized on the human resource is the important factor for business. The Company adheres 3 principles ; respecting for rights' working by human rights , providing of social protections ,providing of the occupational health and work safety.

### 5. Consumer Responsibility

The Company realized on responsibility of customers by the employee must inform products' detail and services base on fact for customers. The recommendations , risks and prevention from using products including the refund of products within 30 days.

### 6. Environmental Care

The Company realized on importance of environment and set business policies both environment care by approach the Sustainable Resource Use including reducing and the climate change mitigation and adaption. The Company designed the building' structure that high roof and air flow surroundings, including the installation of thermal insulation throughout the building.

Furthermore, to campaign the conservation of energy ,nature and environment that the Company has changed the equipment in the service zone and office zone such as; installation Evaporative Cooling System , LED High Bay ,Channel of Roof lighting, Separating of office rooms including ,the size of receipt paper from A4 to A5 which the Company saved 70%-80% on electricity consumption.



## 7. Community and Social Development

The Company realizes that strong and continuous improvement community and society is significant to the operation of its business by committed to creating a sustainable society for 20 years ago. The Company is deemed a part of the community and set the policies in education ,employment ,health care and social investment to joined communities' development

## 8. To publish the innovation for social responsibility

The Company realized on social responsibility by monitoring on business operation did not cause of risk or impact to social and environment including ,chanced to communities or stakeholders able to inform or complaint which may impact to the communities by providing a channel to get information and taking immediately action to correct. And reported the results to executive manager.



## 9. Social Responsibility Activities.

In 2013 the Company has donated to Thai Red Cross ,Government Official , Schools ,Foundations and Social Public Charities that given on the date of grand opening new stores . The Company has been cooperating well from the partners and last year the Company donated in 9 province such as Lampang , Nan , Sukhothai , Phare , Roi-et , Kampangetch , Khonkaen , Mae Hong Son totaling 468,000 Baht . In addition the Company has donated to Thai Red Cross ,the money received from auction goods of grand opening day activities totaling 302,935 Baht.

Furthermore, the Company has donated to the Srinakarintra Day Foundation of Srinakarintra hospital , Khon Kaen university amount 500,000 Baht per year.

## 8. 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

## 9. Related Transactions

The Company had significant business transactions with related parties, which may have a conflict of interest between as of December 31, 2011- 2013 as follow :

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2013	2012	2011
<b>1. Inter Concrete Industry Co., Ltd.</b>  - 3 co-directors 1.Mr.Witoon Suriyawanakul 2. Mr.Anawat Suriyawanakul 3. Mrs.Warunee Suriyawanakul  - and they are major shareholder 80.80% of capital register.	Sales Account Receivable (as at 31 Dec)	10.03 0.51	13.63 1.41	11.21 -
<b>Audit Committee 's Opinions. :</b> 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.				
<b>2. Siam Global Engineering Co., Ltd.</b>  - 1 co-director Mr.Anawat Suriyawanakul  - 3 directors of the Company are major shareholder 67.60% of capital register 1. Mr.Witoon Suriyawanakul 2. Mr.Anawat Suriyawanakul 3. Mrs.Warunee Suriyawanakul	Sales Purchase Account Receivable Account Payable (as at 31 Dec)	0.02 34.06 - -	0.06 29.80 0.02 -	0.04 12.77 - 4.56
<b>Audit Committee 's Opinions. :</b> 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.				

Name of Company / Relationship	Transactions	2013	2012	2011
<b>3. Petch Nam Nueng Non - juristic</b>  -1 co-director  Mrs.Warunee Suriyawanakul	Rental	0.24	0.24	0.24
<b>Audit Committee 's Opinions. :</b> The transactions are reasonable and fair price compared to rental land in the same area.				
<b>4. Viboonphanit Ltd., Part</b>  - 2 co-directors  1. Mr.Witoon Suriyawanakul  2. Mr.Anawat Suriyawanakul  - and hold share is 15.38%	Sales Account Receivable (as at 31Dec)	0.14 0.02	0.23 0.02	0.16 -
<b>Audit Committee 's Opinions. :</b> 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.				
<b>5. Thip Fiber Cement Co.,Ltd.</b>  - 1 co-director  Mr.Pichit Maipum	Purchase Account Payable (as at 31Dec)	351.91 8.61	36.55 4.60	- -
<b>Audit Committee 's Opinions. :</b> 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.				
<b>6. SCG Sourcing Co.,Ltd.</b>  - 2 co-directors  1. Mr.Kajondech Saengsuphan  2. Mr.Pichit Maipum	Sales Purchase Account Payable Account Receivable (as at 31Dec)	0.64 483.50 - 2.83	1.63 113.30 57.46 -	- - - -
<b>Audit Committee 's Opinions. :</b> 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.				



Name of Company / Relationship	Transactions	2013	2012	2011
<b>7. Sosuco and Group(2008)</b> - 2 co-directors 1. Mr.Kajondech Saengsuphan 2. Mr.Pichit Maipum	Purchase Account Payable (as at 31Dec)	171.01 8.11	22.75 15.99	- -
<b>Audit Committee 's Opinions. :</b> 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.				
<b>8. Thai-German Ceramic Industry Public Co.,Ltd.</b> - 2 co-directors 1. Mr.Kajondech Saengsuphan 2 Mr.Pichit Maipum	Purchase Account Payable (as at 31Dec)	202.37 9.97	24.50 14.31	- -
<b>Audit Committee 's Opinions. :</b> 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.				
<b>9. Siam Fiberglass Co.,Ltd.</b> - 2 co-directors 1. Mr.Kajondech Saengsuphan 2 Mr.Pichit Maipum	Purchase Account Payable (as at 31Dec)	7.10 1.05	1.29 1.29	- -
<b>Audit Committee 's Opinions. :</b> 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.				
<b>10. SCG Logistic Management Co., Ltd.</b> - 1 co-directors Mr.Kajondech Saengsuphan	Purchase Account Payable Rental Account Payable- Other (as at 31Dec)	11.25 1.41 2.02 0.19	0.08 0.08 - -	- - - -
<b>Audit Committee 's Opinions. :</b> 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.				

Name of Company / Relationship	Transactions	2013	2012	2011
<b>11. SCG Distribution Co.,Ltd.</b>	Management Fee	8.00	-	-
- 2 co-directors	Account Payable (as at 31Dec)	2.14	-	-
1. Mr.Kajondech Saengsuphan				
2 Mr.Pichit Maipum				
<b>Audit Committee 's Opinions. :</b> 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.1/2013 on 27 February 2013, 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.

## 10. Summary of Financial Statements.

### Financial Statements For the years ended 31 December 2013

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 2013, the result of its operations, cash flows for the years then ended in accordance with generally accepted accounting principles. Since 1 January 2013 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 31 Dec 2013	Audit	Audit	Audit
	31 Dec 2012	31 Dec 2011	
<b>Income Statement (Million Baht)</b>			
Sales	14,302.44	10,782.57	8,187.85
Total Sales	14,736.69	11,089.93	8,391.22
Gross Profit (Loss)	2,188.95	1,616.47	1,310.36
Profit (Loss) before financial cost and income tax	1,178.08	974.09	810.85
Net Profit (Loss)	885.02	627.86	493.94
<b>Balance Sheet (Million Baht)</b>			
Total Assets	16,046.41	12,013.71	8,322.95
Total Liabilities	5,745.63	3,109.50	4,269.31
Shareholders' Equity	10,300.78	8,904.21	4,053.64
<b>Financial Ratio</b>			
Gross Profit Margin (%)	15.30	14.99	16.00
Net Profit Margin (%)	6.01	5.66	5.89
Return on Equity (%)	9.21	9.42	14.75
Return on Investment (%)	6.31	6.18	6.96
Debts to Equity (times)	0.56	0.35	1.05
<b>Earnings per Share (Baht)</b>			
Earnings per Share*	0.3437	0.2899	0.2853
Book Value per Share	3.9417	4.1382	2.8000
Common Stocks (shares)	2,613,217,324	2,151,671,784	1,449,926,849

**Note** \*use weighted average of common shares As at 18 April 2013, the Company increased authorised capital to 2,239,999,926 Baht and as at 31 December 2013, Paid-up Capital was 2,613,217,324 Baht

## 11. Management Discussion and Analysis

### Overview of Business Operating Results

The business operation results have grown significantly over the past three years (2011-2013) 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 13 branches in the end of year 2011 to 27 branches in the end of year 2013. Such as Sakon Nakhon, Nakhon Phanom, Chaiyaphum, Surin, Phitsanulok, Lamphoon, Mukdahan, Phare, Lampang, Nan, Sukhothai, Ban Pai, Kampangetch and Ubonratchathani, respectively.

### Business Operation Results

#### Revenue

The Company's total revenue since 2011 - 2013 has grown from 8,391.22 million Baht in 2011 and 11,089.93 million Baht in 2012 and 14,736.69 million Baht in 2013. These figures are reflections of branches expansion continuously.

#### Costs and Expense of Sales and Administration

The proportions of costs of sales to the revenues from 2011 till 2013 were 81.96%, 82.58% and 82.20% respectively. Administrative expenses from 2011 till 2013 are 702.87 million Baht, 958.63 million Baht and 1,388.42 million Baht respectively, due to increasing of employees and stores that increase from 13 branches in 2011 to 27 branches in 2013.

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. In 2013 the Company adopt new and revised TAS and TFRS relevant to the Company's operations, which effective for year beginning on or after January 1, 2013. The effect from adoption of TAS 21( revised 2009) "The Effects of Changes in Foreign Exchange Rates" and TFRS8 "Operating Segments" were immaterial except for TAS12 "Income Taxes" whereby the change in accounting policy and related effects were effect to total assets of the Company as at December 31, 2013 increase 7.35 million Baht.

#### Gross Profit Margin and Net Profit Margin

The Company's Gross profit margin in 2011 was 16.00%, in 2012 was 14.99% and in 2013 was 15.30. The Net profit margins for the year 2011 till 2013 comparing to the revenues of the Company were 5.89%, 5.66% and 6.01% respectively.



### Total Assets

The total assets of the Company from 2011 to 2013 were 8,322.95 million Baht 12,013.71 million Baht and 16,046.41 million Baht respectively. Significant changes are as follows :

1. Cash and cash equivalent as at 31st December 2011 was 88.45 million Baht, as at 31st December 2012 was 117.74 million Baht, and as at 31st December 2013 was 162.39 million Baht.

2. Account receivables as at 31st December 2011 was 13.22 million Baht, as at 31st December 2012 was 15.21 million Baht, and as at 31st December 2013 was 13.47 million Baht. Show that, there was the increasing of account receivable in 2011- 2013. 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 2011 was 3,093.59 million Baht , as at 31st December 2012 was 4,974.85 million Baht and as at 31 December 2013 was 6,663.90. The significant increase in inventory was the result of expansion.

4. Land, Building and equipment as at 31st December 2011 was 4,926.53 million Baht, as at 31st December 2012 was 6,488.26 million Baht and as at 31 December 2013 was 8,607.17 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 2011 was 4,269.31 million Baht , as at 31st December 2012 was 3,109.50 million Baht and 31 December 2013 was 5,745.62 million Baht . The debt ratios over the three ears were 1.05, 0.35 and 0.56 respectively. The debt ratios of year 2012 was increase of the previous because the Company was in period of expanding stores that the Company required the capital to invest.

### Shareholders' Equity

The Company has shareholders' equity as at 31st December 2011 was 4,053.64 million Baht, as at 31st December 2012 was 8,904.21 million Baht and as at 31 December 2013 was 10,300.78 million Baht . In the year 2013 the Company has increase the registered capital amount 2,613,333,247.00 Baht and paid-up capital of 2,613,217,324.00 Baht. In 2013, the Company made net profit from operating of 885.02 million Baht and the Company reserved 44.30 million Baht in compliance with laws. As a result, as at 31 December 2013, the Company has the appropriated retained earnings and in compliance with the laws of 149.08 million Baht and had inappropriate retained earnings of 1,428.95 million Baht, which means the shareholder's equity increased comparing to 2012 approximately by 15.68%

## Audit Fee

### 1. Audit Fee

In 2011-2013 the Company appointed 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 to be the Company's auditors. The audit fee of year 2011-2013 equal 1,450,000 Baht 1,600,000 Baht and 2,000,000 Baht respectively.

### 2. Non-Audit Fee

Non-Audit fee since 2011-2013 was the amount of 102,150 Baht 164,774 Baht and 97,410 Baht respectively.

## 12. 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. Phornsiri Thiwawanwongs | Chairman of Audit and Risk Management Committee |
| 2. Mr. Pornsak Sakpunpanom              | Member of Audit and Risk Management Committee   |
| 3. Mr. Surasak Chanthori                | Member of Audit and Risk Management Committee   |

For the year 2013, 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 4 meetings. The Essence of the Work Performed in year 2013:

1. Having considered and review the quarterly financial report of the company and the annual financial statements for the year 2013 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.

2. 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.

3. 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.

4. Having performed of internal audit that the Audit and Risk Management Committee is review audit's plan 2013 and acknowledge audit's operating. They have given suggestion to internal audit department for more efficiency performance.

5. 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.

6. Having considered the selection and nomination of company's independent auditor and determination of the audit fee to propose in 2013 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 2013 and approved the auditor fee of 2,000,000 Baht for the Company's Financial Statements, which more than the previous year only 400,000 Baht .Because the Company plan to expand new stores about 12 stores per year .

7. 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 2013 ,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.

In the year 2013 , The Audit Committee was attended seminar CG Forum 4/2556 "The Updated COSO's 2103 Integrated Internal Control." ,that set up by SET to develop and a better understanding of the role of Good Corporate Governance , Internal Controls to be effective.



(Assoc. Prof. Phornsiri Thiwawanwongs)

Chairman of Audit & Risk Management Committee

Siam Global House Public Company Limited

27 February 2014

### 13. Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for overall financial statements of Siam Global House Public Company Limited and its subsidiaries and any financial information shown in the Annual Report. The financial statement was prepared in accordance with the accounting standard as generally accepted. The Company chooses appropriate accounting policy and always acts accordingly together with careful discretion and the best estimation for such arrangements. This includes adequate disclosures of necessary information in remarks and appendix of the financial statements.

The Board of Directors maintains the efficiency of the internal audit control system in order to be reasonably confident that records of any accounting information are accurate, through, complete and enough to maintain the Company's assets. It is also aimed at substantially identify and acknowledge weaknesses to prevent malfeasance or inappropriate performances.

In this regard, the Board of Directors of the Company has appointed an Audit & Risk Management Committee, comprising the Independent Directors who are not Executives. The Audit Committees shall have the responsibilities relating to the quality of the report on financial statement and internal control system. The opinion of the Audit Committee with regards to these subjects appeared in the report of the Audit Committee as shown in the Annual Report.

The financial statement of the Company have been examined by external auditor, M.R.& Associates Co., Ltd. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considered that, in general, the internal control system of the Company has achieved satisfactory level. It can also reasonably ensure the reliability of the Company and its subsidiaries' accounting system as of December 31, 2012.

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

(Mr. Apisit Rujikeatkamjorn)

Chairman of the Board

Siam Global House Public Company Limited

27 February 2014

## 14. Board of Directors



**Mr. Apisit Rujikeatkamjorn**  
**Chairman**  
**Age 69 years old**  
**Education**  
**Master Degree**  
 - Master of Engineering ,  
 LAMA UNIVERSITY TEXAS

### **Bachelor Degree**

- Bachelor of Engineering Program in Civil Engineering, Khon Kaen University

### **Certificate**

- Certificate of Director Accreditation Program (DAP 21/2004), Thai Institute of Directors (IOD)

### **Experience in 5 years**

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



**Mr. Witoon Suriyawanakul**  
**Director / Managing**  
**Director**  
**/ Chief Executive Officer**  
**Age 56 years old**

### **Education**

#### **Master Degree**

- Master of Business Administration,  
 Khon Kaen University

#### **Bachelor Degree**

- Bachelor of Engineering Program in Civil Engineering, Khon Kaen University

### **Certificate**

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

### **Experience in 5 years**

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





**Mr. Anawat Suriyawanakul**  
 Director / Managing  
 Director  
 / Vice- Chief Executive  
 Officer  
 Age 54 years old  
 Education  
 - Secondary Education

#### Certificate

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

#### Experience in 5 years

- 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**  
 Director / Managing  
 Director  
 / Vice- Chief Executive  
 Officer  
 Age 54 years old

#### Education

- Secondary Education

#### Certificate

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

#### Experience in 5 years

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



**Mr. KajohnDET Sangsuban**

**Director**

**Age** 61 years old

**Education**

**Bachelor Degree**

- B.Eng.(Civil Engineering), Chulalongkorn University

**Certificate**

- Advanced Management Program (AMP) Harvard University, USA.
- 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)

**Experience in 5 years**

- 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 Patarachoke**

**Director**

**Age** 51 years old

**Education**

**Master Degree**

- M.B.A., University of Chicago, Illinois, USA

**Bachelor Degree**

- B. Eng. Chulalongkorn University

**Certificate**

- Advanced Management Program (AMP) Harvard University, USA

**Experience in 5 years**

- 2012 - Present
  - Director/Siam Global House PCL
- 2010 - Present
  - Managing Director / SCG Logistic Management Co., Ltd.
- 2005 - 2010
  - Director – Corporate Planning Division, The Siam Cement Public Company Limited Manager
- 2004 - 2005
  - Overseas Office Division, The Siam Cement Trading Company Limited



**Mr. Pichit Maipoom**  
Director

Age 58 years old

**Education**

**Master Degree**

- M.E.( Industrial and Management),

Asian Institute of Technology

**Bachelor Degree**

- B. E. (Mechanical Engineering), Second Class Honours, King Mongkut's Institute of Technology North Bangkok

**Certificate**

- Advanced Management Program (AMP) Harvard University, USA

- Certificate of Director Accreditation Program (DAP 2004), Thai Institute of Directors (IOD)

**Experience in 5 years**

- **2013 - Present**
  - Director / Siam Global House PCL
- **2012 - Present**
  - Chairman and director of SCG Cement and Distribution.
- **2010 - Present**
  - Director and Member of Executive Committee, Quality Construction Products ,PCL.
- **2008 - Present**
  - Director and Member of Executive Committee, Thai-German Ceramic Industry, PLC.
  - Honorable Chairman, Ceramic Industry Club of Thailand, Federation of Thailand Industries.
- **2001 - 2005**
  - Managing Director, Thai Ceramic Company Limited.
  - Executive Vice-President, Cementhai Building Products Company Limited.



**Assoc. Prof. Phonsiri Thiwawanwong**

Chairman of the Audit Committee / Independent Director

Age 62 years old

**Education**

**Master Degree**

- Master of Business Administration (Finance), University of Wisconsin at Madison, U.S.A.

**Bachelor Degree**

- Bachelor of Accountancy (First-Class Honors with Gold Medal Award), Faculty of Commerce and Accountancy, Chulalongkorn University

**Certificate**

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

**Experience in 5 years**

- **2013 - Present**
  - Chairman of the Audit Committee/ Independent Director, Siam Global House, PLC.
- **2008 - 2013**
  - Independent Director / Member of the Audit Committee, Siam Global House PCL.
- **2010 - Present**
  - Assoc. Prof of Financial and Accounting, Khon Kaen University
- **2005 - 2007**
  - Dean of Asean University, Asean University
- **2005 - 2007**
  - Managing Director for Masters Student of Marketing Management Department, Mahidol University
- **2002 - 2005**
  - Director for Degrees Student of International B.B.A. Subject, Shinawatra University



**Mr. Pornsak Sakpanpanom**  
Independent Director  
/ Director of the Audit  
Committee  
Age 67 years old

#### Education

##### Master Degree

- Thai Barrister at Law, The Thai Bar Institute.

##### Bachelor Degree

- Bachelor of Laws(Honors),Thammasat University

#### Experience in 5 years

- 2013 - Present  
- Independent Director / Member of the Audit Committee, Siam Global House PCL.
- 2009 - Present  
- Director , Siam Apiwat, Co.Ltd



**Mr. Surasak Chanthori**  
Independent Director  
/ Director of the Audit  
Committee  
Age 56 years old

#### Education

##### Master Degree

- Master of Business Administration, Khon Kaen University

##### Bachelor Degree

- Bachelor of Engineering Program in Industrial Engineering, Khon Kaen University

##### Certificate

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

#### Experience in 5 years

- 2008 - Present  
- Independent Director / Member of the Audit Committee, Siam Global House PCL.
- 2009 - Present  
- Academic Committee Rajabhat Piboonsongkram University
- 2008 - 2011  
- Advisor / L-Con Concrete Co.,Ltd
- 2008 - 2010  
- Advisor / Alfa Concrete Co.,Ltd
- 2008 - 2010  
- Advisor / Udon Master Tech Co.,Ltd
- 1996 - Present  
- Managing Director Fiber House Products and Service Co.,Ltd

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## Financial Statements

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For the Year Ended December 31, 2013  
and Report of Certified Public Accountant

# SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2013

and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants 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, 2013, 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 Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 Thai 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

### Emphasis Matter

Without qualifying my opinion, I draw attention to Note 2. The Company has adopted Thai Accounting Standard No.12 "Income tax" starting from January 1, 2013. The corresponding figures for the year ended December 31, 2012 presented are based on the audited financial statements for the year ended December 31, 2012 after the adjustments described in Note 2. The corresponding figures as at January 1, 2012 presented are based on the financial statements for the year ended December 31, 2011 audited by another auditor in my office who expressed an unmodified opinion on those statements on February 15, 2012, after the adjustments described in Note 2. I have audited the adjustments that were applied to restate the corresponding figures. In my opinion, such adjustments are appropriate and have been properly applied.

(Mr. Pisit Chiwaruangroch)

Certified Public Accountant

Registration No. 2803

M.R. & ASSOCIATES CO., LTD.

Bangkok

February 27, 2014

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**ASSETS**

		In Baht		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		162,392,520	117,736,792	88,452,615
Temporary investments		60,000	98,769	-
Trade accounts receivable				
- Related parties	4	3,464,447	3,083,522	1,099,239
- Others	5	10,003,971	12,127,801	12,120,513
Merchandises	6	6,663,896,274	4,974,849,988	3,093,591,763
Other current assets	4, 7	580,060,157	403,311,814	188,576,333
<b>Total current assets</b>		<b>7,419,877,369</b>	<b>5,511,208,686</b>	<b>3,383,840,463</b>
<b>NON-CURRENT ASSETS</b>				
Deposits at financial institutions under pledge		278,649	278,323	277,984
Available-for-sale investments		-	61,335	65,685
Property, plant and equipment	4, 8, 11	8,607,168,849	6,488,256,618	4,926,532,636
Deferred tax assets	2, 10	10,550,152	7,353,120	5,075,456
Other non-current assets				
- Computer software	9	5,353,717	3,502,054	4,109,710
- Others		3,176,985	3,047,312	3,049,832
<b>Total non-current assets</b>		<b>8,626,528,352</b>	<b>6,502,498,762</b>	<b>4,939,111,303</b>
<b>TOTAL ASSETS</b>		<b>16,046,405,721</b>	<b>12,013,707,448</b>	<b>8,322,951,766</b>

# SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

### LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
<b>CURRENT LIABILITIES</b>				
Bank overdrafts and short-term loans				
from financial institutions	11	3,466,485,469	259,616,535	1,363,388,240
Trade accounts payable				
- Related parties	4	53,913,223	102,248,577	-
- Others		1,604,940,979	2,106,906,950	1,171,173,091
Current portion of finance lease liabilities	12	3,001,274	4,320,791	4,297,257
Current portion of long-term loans		-	-	273,777,015
Income tax payable		93,600,113	106,666,652	99,407,189
Accrued expenses and other current liabilities	4, 13	148,089,109	153,877,315	59,965,062
<b>Total current liabilities</b>		<b>5,370,030,167</b>	<b>2,733,636,820</b>	<b>2,972,007,854</b>
<b>NON-CURRENT LIABILITIES</b>				
Finance lease liabilities	12	-	3,001,274	7,322,065
Deferred tax liabilities	2, 10	343,942,182	357,282,553	373,857,286
Long-term loans		-	-	911,787,249
Liability for post-employment benefits	14	31,650,615	15,580,864	4,337,110
<b>Total non - current liabilities</b>		<b>375,592,797</b>	<b>375,864,691</b>	<b>1,297,303,710</b>
<b>Total liabilities</b>		<b>5,745,622,964</b>	<b>3,109,501,511</b>	<b>4,269,311,564</b>

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012

## LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
<b>SHAREHOLDERS' EQUITY</b>				
Share capital				
Authorized share capital	15	2,613,333,247	2,239,999,926	1,720,000,000
Issued and paid-up share capital	15	2,613,217,324	2,151,671,784	1,449,926,849
Share premium	16	4,739,295,827	4,290,809,121	447,634,642
Retained earnings				
Appropriated for legal reserve	17	149,082,751	104,782,751	74,282,751
Unappropriated		1,428,945,138	933,982,633	603,988,464
Other components				
of shareholders' equity		1,370,241,717	1,422,959,648	1,477,807,496
<b>Total shareholders' equity</b>		<b>10,300,782,757</b>	<b>8,904,205,937</b>	<b>4,053,640,202</b>
<b>TOTAL LIABILITIES AND</b>				
<b>SHAREHOLDERS' EQUITY</b>		<b>16,046,405,721</b>	<b>12,013,707,448</b>	<b>8,322,951,766</b>

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Note	In Baht	
		2013	2012 "Restated"
<b>REVENUES</b>	4		
Net sales		14,302,442,628	10,782,573,575
Other income		434,246,982	307,353,110
<b>Total revenues</b>		<b>14,736,689,610</b>	<b>11,089,926,685</b>
<b>EXPENSES</b>	18		
Cost of goods sold	4	12,113,494,255	9,166,101,671
Selling expenses		589,283,359	377,497,405
Administrative expenses	4	799,139,794	581,134,671
Finance costs		70,969,039	157,707,631
Loss (gain) on exchange rate		56,693,918	(8,892,749)
<b>Total expenses</b>		<b>13,629,580,365</b>	<b>10,273,548,629</b>
<b>Profit before Income Tax</b>		<b>1,107,109,245</b>	<b>816,378,056</b>
<b>Income Tax Expense</b>	2, 10	<b>222,088,846</b>	<b>188,521,671</b>
<b>PROFIT FOR THE YEAR</b>		<b>885,020,399</b>	<b>627,856,385</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Gain (loss) on remeasurement of investments		-	(4,099)
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>(4,099)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>885,020,399</b>	<b>627,852,286</b>
<b>Earnings per Share</b>	19		
Basic		0.3437	0.2899
Diluted		0.3399	0.2743



**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

In Baht - Restated

	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, 2012									
- as previously reported		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
Adjustment	2	-	-	-	3,335,459	(372,117,289)	-	(372,117,289)	(368,781,830)
Balance as at January 1, 2012		1,449,926,849	447,634,642	74,282,751	603,988,464	1,477,785,311	22,185	1,477,807,496	4,053,640,202
Profit for the year		-	-	-	627,856,385	-	-	-	627,856,385
Other comprehensive income for the year		-	-	-	-	-	(4,099)	(4,099)	(4,099)
Total comprehensive income for the year		-	-	-	627,856,385	-	(4,099)	(4,099)	627,852,286
Stock dividends	15	289,985,339	-	-	(289,985,339)	-	-	-	-
Dividends	15	-	-	-	(32,220,626)	-	-	-	(32,220,626)
Proceeds from shares issued	15	411,759,596	3,843,174,479	-	-	-	-	-	4,254,934,075
Appropriation for legal reserve	17	-	-	30,500,000	(30,500,000)	-	-	-	-
Transfer to retained earnings	8	-	-	-	54,843,749	(54,843,749)	-	(54,843,749)	-
Balance as at December 31, 2012		2,151,671,784	4,290,809,121	104,782,751	933,982,633	1,422,941,562	18,086	1,422,959,648	8,904,205,937

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

In Baht - Restated

	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	
<b>Balance as at January 1, 2013</b>									
- as previously reported		2,151,671,784	4,290,809,121	104,782,751	928,176,675	1,778,676,953	18,086	1,778,695,039	9,254,135,370
Adjustment	2	-	-	-	5,805,958	(355,735,391)	-	(355,735,391)	(349,929,433)
<b>Balance as at January 1, 2013</b>									
- as restated		2,151,671,784	4,290,809,121	104,782,751	933,982,633	1,422,941,562	18,086	1,422,959,648	8,904,205,937
Profit for the year		-	-	-	885,020,399	-	-	-	885,020,399
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	885,020,399	-	-	-	885,020,399
Sale of investments		-	-	-	-	-	(18,086)	(18,086)	(18,086)
Stock dividends	15	358,610,790	-	-	(358,610,790)	-	-	-	-
Dividends	15	-	-	-	(39,846,949)	-	-	-	(39,846,949)
Proceeds from shares issued	15	102,934,750	448,486,706	-	-	-	-	-	551,421,456
Appropriation for legal reserve	17	-	-	44,300,000	(44,300,000)	-	-	-	-
Transfer to retained earnings	8	-	-	-	52,699,845	(52,699,845)	-	(52,699,845)	-
<b>Balance as at December 31, 2013</b>		<b>2,613,217,324</b>	<b>4,739,295,827</b>	<b>149,082,751</b>	<b>1,428,945,138</b>	<b>1,370,241,717</b>	<b>-</b>	<b>1,370,241,717</b>	<b>10,300,782,757</b>

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS

## FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	In Baht	
	2013	2012
		"Restated"
<b>Cash flows from operating activities</b>		
<b>Profit for the year</b>	885,020,399	627,856,385
Adjustments for Depreciation and amortization	384,069,962	282,765,439
Expenses for post-employment benefits	16,069,751	11,243,754
Interest income	(1,424,896)	(1,223,678)
Interest expense	69,745,909	156,211,545
Increase (decrease) in allowance for doubtful accounts	(84,591)	144,566
Written-off bad debts	-	5,960
Unrealized loss (gain) on exchange rate	31,857,392	(663,900)
	-	(2,000,000)
Decrease in allowance for loss on devaluation of merchandises	(18,587)	-
Gain on sale of investments	(1,023,316)	(31,363)
Gain on sale of fixed assets	-	997,699
Loss on influence from tropical storm	222,088,846	188,521,671
Income tax expense	1,606,300,869	1,263,828,078
Changes in operating assets and liabilities		
Trade accounts receivable	1,827,496	(2,142,097)
Merchandises	(1,689,046,286)	(1,879,258,225)
Other current assets	(175,175,451)	(214,735,481)
Deposits at financial institutions under pledge	(326)	(339)
Other non-current assets	(129,673)	2,520
Trade accounts payable	(558,054,173)	1,001,902,973
Accrued expenses and other current liabilities	40,838,414	10,375,341
Income tax paid	(251,692,788)	(200,114,605)
<b>Net cash used in operating activities</b>	<b>(1,025,131,918)</b>	<b>(20,141,835)</b>

# SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

In Baht

	2013	2012
		"Restated"
<b>Cash flows from investing activities</b>		
Interest received	1,424,896	1,223,678
Proceeds from insurance claim	-	1,675,020
Increase in temporary investments	(60,000)	(98,518)
Proceeds from sale of investments	160,605	-
Proceeds from sale of equipment	2,975,198	75,247
Increase in property, plant and equipment	(2,489,212,601)	(1,786,312,486)
Increase in computer software	(3,488,731)	(620,647)
<b>Net cash used in investing activities</b>	<b>(2,488,200,633)</b>	<b>(1,784,057,706)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(68,527,244)	(150,508,828)
Decrease in bank overdrafts and		
short-term loans from financial institutions	3,173,518,016	(1,103,115,591)
Increase in long-term loans	-	633,856,203
Repayment of long-term loans	-	(1,819,420,467)
Repayment of finance lease liabilities	(4,320,791)	(4,297,257)
Proceeds from capital increase	-	3,136,000,000
Expenses relating to capital increase	(54,256,209)	(307,191)
Proceeds from warrants exercised	551,421,456	1,173,497,475
Dividends	(39,846,949)	(32,220,626)
<b>Net cash provided by financing activities</b>	<b>3,557,988,279</b>	<b>1,833,483,718</b>
<b>Net increase in cash and cash equivalents</b>	<b>44,655,728</b>	<b>29,284,177</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>117,736,792</b>	<b>88,452,615</b>
<b>Cash and cash equivalents at end of year</b>	<b>162,392,520</b>	<b>117,736,792</b>
<b>Non-cash transaction</b>		
Purchases of property, plant and equipment		
for which no cash has been paid	77,751,488	63,667,082
Stock dividends	358,610,790	289,985,339

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

### Notes to the financial statements

December 31, 2013 and 2012

#### 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 is engaged in merchandising of construction and decoration materials and equipment in Thailand, therefore, management considers that the Company had only one business segment and one geographic segment.

The registered office is 232 Moo 19, Tambol Robmuang, Amphur Muang, Roi-Et. As at December 31, 2013, the Company has a total of 26 branches operating in other provinces (December 31, 2012: 19 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 the following new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) relevant to the Company’s operations, which effective for year 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 effects from adoption of aforesaid new and revised TAS and TFRS were immaterial except for TAS 12 Income Taxes whereby the change in accounting policy and the related effects are as follows :

Income tax on the profit or loss for the period, which is recognized in the statement of comprehensive income, is current and deferred tax whereby the Company previously recognized only current tax.

Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

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

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

The effects from adoption of this TAS are as follows :

	In Thousand Baht	
	Increase (Decrease)	
	2013	2012
As at December 31,		
Deferred tax assets	10,550	7,353
Deferred tax liabilities	343,942	357,283
Retained earnings - Unappropriated	9,169	5,806
Revaluation surplus on property	(342,561)	(355,736)
As at January 1,		
Deferred tax assets		5,075
Deferred tax liabilities		373,857
Retained earnings - Unappropriated	5,806	3,335
Revaluation surplus on property	(355,736)	(372,117)
For the years ended December 31,		
Transfer to retained earnings	(13,175)	(16,381)
Income tax expense	(16,538)	(18,852)
Earnings per share (Baht) (after adjusting the number of ordinary shares arising from the issue of a stock dividend)		
Basic	0.0064	0.0087
Diluted	0.0064	0.0082



The Federation of Accounting Professions has revised and issued new Thai Financial Reporting Standards (Thai Accounting Standard, Thai Accounting Standard Interpretations, Thai Financial Reporting Standard and Thai Financial Reporting Interpretations) effective for the period beginning on or after January 1, 2014. The adoptions of these Financial Reporting Standards do not have significant impact on the Company's financial statements.

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 financial reporting 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

Income tax expense for the year comprises current and deferred tax.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

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

#### 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	
		2013	2012
The Siam Cement Public Company Limited	Parent company of SCG Distribution Co., Ltd.	-	-
SCG Distribution Co., Ltd.	Major shareholder	30	31
SCG Sourcing Co., Ltd., SCG Logistics Management Co., Ltd., SCG Trading Co., Ltd., and SCG Trading Guangzhou 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., The Nawaplastic Industries (Saraburi) Co., Ltd., Siam Kraft Industry Co., Ltd., Thai Paper Co., Ltd., Phoenix Pulp & Paper Public Company Limited, Thai Ceramic Co., Ltd., and Siam Sanitary Ware Industry Co., Ltd.	Subsidiaries of The Siam Cement Public Company Limited	-	-
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	-	-

Company and party	Relationships	Percentage of Holding	
		2013	2012
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
Management fee expense	Agreed price
Rental expense	Negotiated agreement
Purchase of equipment	
- Overhead cranes including installment	Market price



Significant transactions for the years ended December 31, 2013 and 2012 with related parties were as follows :

	In Thousand Baht	
	2013	2012
<b>Revenue from sales of goods</b>		
Inter Concrete Industry Co., Ltd.	10,029	13,630
Others	2,009	4,027
Total	12,038	17,657
<b>Sale promotion income</b>		
Tip Fibre-Cement Co., Ltd.	16,023	1,888
Thai-German Ceramic Industry Public Company Limited	13,696	1,291
Others	14,674	676
Total	44,393	3,855
<b>Purchase of merchandises</b>		
SCG Sourcing Co., Ltd.	483,497	113,296
Tip Fibre-Cement Co., Ltd.	351,913	36,554
Thai-German Ceramic Industry Public Company Limited	202,368	24,504
Sosuco and group (2008) Co., Ltd.	171,008	22,750
The Nawaplastic Industries (Saraburi) Co., Ltd.	79,014	12,326
Thai Ceramic Co., Ltd.	64,252	-
Others	30,389	1,291
Total	1,382,441	210,721
<b>Management fee expense</b>		
SCG Distribution Co., Ltd.	8,000	-
SCG Logistics Management Co., Ltd.	2,024	-
Total	10,024	-

**Rental expense**

Petch Nam Nueng - Non-juristic body of persons	240	240
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**Purchase equipment**

Siam Global Engineering Co., Ltd.	34,061	29,803
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**Remuneration of key management**

Short-term benefit		
Salary, bonus and others		
- employment management	28,494	27,943
- non-employment management	2,118	945
Meeting remuneration	1,775	1,990
Total short-term benefits	32,387	30,878
Expenses for post-employment benefits	4,472	2,588
Total	36,859	33,466

Balances as at December 31, 2013 and 2012 with related parties were as follows :

	In Thousand Baht	
	2013	2012
<b>Trade accounts receivable</b>		
SCG Sourcing Co., Ltd.	2,829	1,630
Inter Concrete Industry Co., Ltd.	512	1,413
Others	123	41
Total	3,464	3,084

The trade accounts receivable are aged as follows :

	In Thousand Baht	
	2013	2012
Current	3,440	2,260
Overdue:		
- Not over 3 months	24	824
Total	3,464	3,084

	In Thousand Baht	
	2013	2012
<b>Accrued sale promotion income</b> (included in “Other current assets”)		
Sosuco and group (2008) Co., Ltd.	4,619	3,355
Tip Fibre-Cement Co., Ltd.	4,342	233
Others	2,586	2,419
Total	11,547	6,007

	In Thousand Baht	
	2013	2012
<b>Trade accounts payable</b>		
Thai Ceramic Co., Ltd.	17,042	-
Thai-German Ceramic Industry Public Company Limited	9,972	14,308
Tip Fibre-Cement Co., Ltd.	8,607	4,596
Sosuco and group (2008) Co., Ltd.	8,111	15,988
SCG Sourcing Co., Ltd.	-	57,459
Others	10,181	9,898
Total	53,913	102,249

	In Thousand Baht	
	2013	2012
<b>Other account payable</b> (included in “Accrued expenses and other Current liabilities”)		
SCG Distribution Co., Ltd.	2,140	-
SCG Logistics Management Co., Ltd.	192	-
Siam Global Engineering Co., Ltd.	-	9,111
<b>Total</b>	<b>2,332</b>	<b>9,111</b>

#### 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, 2013 and 2012, the Company had outstanding balance of trade accounts receivable - others, aged as follows :

	In Thousand Baht	
	2013	2012
Current	8,206	9,950
Overdue:		
- Not over 3 months	1,552	2,034
- Over 3 months to 6 months	306	-
- Over 6 months to 12 months	-	289
<b>Total</b>	<b>10,064</b>	<b>12,273</b>
Less allowance for doubtful accounts	(60)	(145)
<b>Net</b>	<b>10,004</b>	<b>12,128</b>

## 6. MERCHANDISES

	In Thousand Baht	
	2013	2012
Merchandises	6,634,223	4,957,598
Goods in-transit	29,673	17,252
Total	6,663,896	4,974,850

## 7. OTHER CURRENT ASSETS

	In Thousand Baht	
	2013	2012
Value added tax receivables	349,959	210,562
Accrued sale promotion income	156,364	117,000
Deposits for purchase of merchandises	33,031	29,089
Input value added tax	18,238	13,981
Others	22,468	32,680
Total	580,060	403,312

## 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)
Cost/Appraisal						Total
Balance as at January 1, 2012	1,881,503	1,963,305	377,772	100,238	174,044	1,295,170
Additions	842,579	-	58,234	35,115	903,727	4,647
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
Additions	982,121	-	-	55,387	1,465,787	-
Transfers – net	243,412	731,908	230,704	-	(1,112,287)	(93,737)
Disposals	-	-	(3,503)	-	-	-
Balance as at December 31, 2013	4,050,836	3,330,428	810,699	190,740	545,021	1,206,080
						10,133,804

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, 2012	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
Depreciation charge for the year	28,166	150,163	115,448	21,875	-	904	316,556
Increase in depreciation on revaluation of assets	6,272	58,787	-	-	-	816	65,875
Disposals	-	-	(1,551)	-	-	-	(1,551)
Balance as at December 31, 2013	146,562	880,041	388,518	99,574	-	11,940	1,526,635
Net book value							
At December 31, 2012	2,713,179	1,927,429	308,877	57,654	191,521	1,289,597	6,488,257
At December 31, 2013	3,904,274	2,450,387	422,181	91,166	545,021	1,194,140	8,607,169



The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2013 and 2012 amounted to Baht 337.7 million and Baht 162.4 million, respectively.

Transportation with net book value of Baht 7.3 million and Baht 11.9 million as at December 31, 2013 and 2012, 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.

#### Revaluation surplus on property

	In Thousand Baht				
	At January 1, 2012	Transfer to retained earnings	At December 31, 2012	Transfer to retained earnings	At December 31, 2013
Revaluation surplus					
on property	1,849,902	(71,225)	1,778,677	(65,875)	1,712,802
Tax expense	(372,117)	(16,381)	(355,736)	(13,175)	(342,561)
Net	1,477,785	(54,844)	1,422,941	(52,700)	1,370,241

## 9. COMPUTER SOFTWARE

	In Thousand Baht		
	Computer software	Computer software under installation	Total
Cost			
Balance as at January 1, 2012	6,052	-	6,052
Additions	621	-	621
Balance as at December 31, 2012	6,673	-	6,673
Additions	1,488	2,001	3,489
Balance as at December 31, 2013	8,161	2,001	10,162
Accumulated amortization			
Balance as at January 1, 2012	1,942	-	1,942
Amortization charge for the year	1,229	-	1,229
Balance as at December 31, 2012	3,171	-	3,171
Amortization charge for the year	1,637	-	1,637
Balance as at December 31, 2013	4,808	-	4,808
Net book value			
At December 31, 2012	3,502	-	3,502
At December 31, 2013	3,353	2,001	5,354

## 10. INCOME TAX

Movements in deferred tax assets and deferred tax liabilities during the year were as follows :

	In Thousand Baht				
	At January 1, 2012	Recognized in profit or loss	At December 31, 2012	Recognized in profit or loss	At December 31, 2013
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	-	29	29	(17)	12
Allowance for impairment loss on land	4,208	-	4,208	-	4,208
Employee benefits	867	2,249	3,116	3,214	6,330
Total	5,075	2,278	7,353	3,197	10,550
<b>Deferred tax liabilities</b>					
Revaluation surplus on property	372,117	(16,381)	355,736	(13,175)	342,561
Taxable depreciation over book depreciation	1,740	(193)	1,547	(166)	1,381
Total	373,857	(16,574)	357,283	(13,341)	343,942
Net		18,852		16,538	

## Income tax expense

	In Thousand Baht	
	2013	2012
Income tax expense	238,627	207,374
Movement in temporary difference	(16,538)	(18,852)
Net	222,089	188,522
<b>Reconciliation of income tax expense</b>		
Profit before income tax	1,107,109	816,378
Income tax using the corporate tax rate (20% in 2013 and 23% in 2012)	221,422	187,767
Others	667	755
Total	222,089	188,522

## 11. CREDIT FACILITIES

As at December 31, 2013, the Company has agreement with local financial institutions for the following credit facilities:

	In Thousand Baht
Short-term loan	4,440,000
Bank overdraft	120,000
Letter of credit and trust receipts	2,820,000
Forward contract	2,600,000
Letter of guarantee	19,150
Total	9,999,150

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	
	2013	2012
Bank overdrafts	41	2,798
Trust receipts	776,444	156,819
Short-term loans from financial institutions	2,690,000	100,000
Total	3,466,485	259,617

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest ranging from MLR - 2% to MLR per annum in 2013 and MLR - 2% per annum in 2012.

## 12. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows :

	In Thousand Baht					
	2013			2012		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	3,001	58	3,059	4,321	236	4,557
After one year but within five years	-	-	-	3,001	58	3,059
Total	3,001	58	3,059	7,322	294	7,616

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, 2013 and 2012, the Company had future minimum lease payment under the hire-purchase contracts as follows :

	In Thouesand Baht	
	2013	2012
Years		
2013	-	4,557
2014	3,059	3,059
Total	3,059	7,616

### 13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	In Thousand Baht	
	2013	2012
Accrued expenses	64,873	43,531
Accrued bonus	45,628	18,000
Deposits received in advance	21,339	14,087
Other account payable	2,332	9,111
Accrued underwriting fee and other related expenses	-	54,256
Others	13,917	14,892
Total	148,089	153,877

### 14. 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, 2013 and 2012 amounted to Baht 1.1 million each.

Movements of liability for post-employment benefits for the years ended December 31, 2013 and 2012 are as follows :

	In Thousand Baht	
	2013	2012
Liability for post-employment benefits as at January 1,	15,581	4,337
Current service cost	7,187	4,059
Interest cost	849	393
Past service cost	1,096	1,096
Actuarial loss	6,938	5,696
Expense recognized in profit or loss	16,070	11,244
Employee benefits paid during the year	-	-
Liability for post-employment benefits as at December 31,	31,651	15,581



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

- Discount rate 4% per annum in 2013 and 4.5% per annum in 2012
- Salary increase rate 7% per year
- Employee turnover rate 5% per year
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 15% of Thai Mortality Table (year 2008)

## 15. SHARE CAPITAL, DIVIDENDS AND WARRANTS

	In Baht	In Thousand Shares / In Thousand Baht			
	Par	2013		2012	
	value	Number	Amount	Number	Amount
Authorized					
At January 1,					
- ordinary shares	1	2,240,000	2,240,000	1,720,000	1,720,000
Increase	1	373,333	373,333	560,000	560,000
Decrease	1	-	-	(40,000)	(40,000)
At December 31,					
- ordinary shares	1	2,613,333	2,613,333	2,240,000	2,240,000
Issued and fully paid-up					
At January 1,					
- ordinary shares		2,151,672	2,151,672	1,449,927	1,449,927
Stock dividend		358,610	358,610	289,985	289,985
100% call for		-	-	224,000	224,000
Exercise of warrants		102,935	102,935	187,760	187,760
At December 31,					
- ordinary shares		2,613,217	2,613,217	2,151,672	2,151,672

At the annual general meeting of the shareholders of the Company held on April 18, 2012, the shareholders passed 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 passed 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.

At the annual general meeting of the shareholders of the Company held on April 4, 2013, the shareholders passed the resolution to increase authorized share capital from Baht 2,239,999,926 (2,239,999,926 ordinary shares at Baht 1 par value) to Baht 2,613,333,247 (2,613,333,247 ordinary shares at Baht 1 par value). The 373.33 million new ordinary shares were reserved for stock dividends of 358.61 million shares and reserved for the remaining balance of exercise warrants with the adjustment provisions of 14.72 million shares. The Company registered the capital increase with the Ministry of Commerce on May 3, 2013.

### Dividends

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.

At the annual general meeting of the shareholders of the Company held on April 4, 2013, the shareholders approved the appropriation of dividends of Baht 0.18 per share, amounting to Baht 398.46 million, from the profit of 2012. The dividends paid by stock dividends of Baht 358.61 million (358.61 million ordinary shares at Baht 1 par value) and cash dividends of Baht 39.85 million on May 3, 2013. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 3, 2013.

### **Warrants**

On May 18, 2012, 16,165,109 warrants were exercised for 19,398,130 common 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 common 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 January 1, 2013, the unexercised warrants was 73,606,783 units.

On May 17, 2013 (last exercise date) 73,524,830 warrants were exercised for 102,934,750 common shares. Cash received from the warrant exercise amounted to Baht 551.4 million (consisting of paid-up share capital amounting to Baht 102.9 million and share premium amounting to Baht 448.5 million). The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 30, 2013.

### **16. 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.

### **17. 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.

## 18. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	In Thousand Baht	
	2013	2012
Changes in merchandises	(1,689,046)	(1,879,258)
Purchase of merchandises	13,459,812	10,867,673
Employee costs	619,007	403,981
Depreciation and amortization	384,070	282,765
Utility expenses	85,153	63,648
Finance costs	70,969	157,708
Marketing, advertising and sale promotion expenses	62,687	33,795
Loss (gain) on exchange rate	56,694	(8,893)
Management remuneration	36,859	33,466

## 19. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share for the years ended December 31, 2013 and 2012 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, 289.99 million shares on May 11, 2012 and 358.61 million shares on May 3, 2013. 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	
	2013	2012
Profit for the year	885,020	627,856
Number of ordinary shares outstanding at January 1,	2,510,282	2,098,523
Effective of conversion shares and issue of new shares	64,581	67,517
Weighted average number of ordinary shares outstanding (basic)	2,574,863	2,166,040
Earnings per share (basic) (Baht)	0.3437	0.2899

### Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2013 and 2012 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, 289.99 million shares on May 11, 2012 and 358.61 million shares on May 3, 2013. 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	
	2013	2012
Profit for the year	885,020	627,856
Number of ordinary shares outstanding (basic)	2,574,863	2,166,040
Effective of exercise of warrants	29,107	123,178
Number of ordinary shares outstanding (diluted)	2,603,970	2,289,218
Earnings per share (diluted) (Baht)	0.3399	0.2743

## 20. 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.

## 21. 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, 2013, the Company has an outstanding balance of short-term forward purchase contract of U.S. Dollars 3.7 million (equivalent to Baht 121.1million). The above contract matures in August 2014. 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.

## 22. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2013, the Company had :

- a) commitment to purchase land from third parties amounting to Baht 290.9 million, and
- b) unused letters of credit totaling U.S. Dollars 6.9 million (equivalent to Baht 228.1 million).

## 23. OTHER

At the extraordinary general meeting of the shareholders of the Company held on September 20, 2013, the shareholders approved the issuance and offering of the debentures in the principal amount of not more than Baht 5,000 million.

The Company will issue Baht 3,000 million unsubordinated and unsecured debentures in registered name on February 27, 2014. The debentures will bear interest at the fixed rate of 3.85% per annum and will mature on February 27, 2017.

The debentures have a credit rating of “A-” rated by TRIS Rating Co., Ltd. on January 10, 2014.

The Company must comply with the specific covenants of the above debenture such as to maintain net debt to equity ratio in the quarterly and annual financial statements through the terms of debenture, etc.

## 24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for dissemination by the Company’s directors on February 27, 2014.



## 16. Other References

<b>Regulator</b>	:	<b>The Securities and Exchange Commission</b>
Address	:	333/3 Vibhadi- Rangsit Road, Chomphon ,Chatuchak Bangkok 10900
Telephone	:	02-695-9999
Fax	:	02-695-9660
 <b>Regulator</b>	 :	 <b>The Stock Exchange of Thailand</b>
Address	:	62 The Stock Exchange of Thailand Building, Rachadapisek Road,Klongtoey  Bangkok 10110
Telephone	:	02-229-2000 , 02-654-5656
Fax	:	02-229-2030 , 02-654-5649
 <b>Share Registrar</b>	 :	 <b>Thailand Securities Depository Company Limited</b>
Address	:	62 The Stock Exchange of Thailand Building, Rachadapisek Road,Klongtoey  Bangkok 10110
Telephone	:	02-229-2800
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 <b>Auditor</b>	 :	 <b>M.R. &amp; ASSOCIATES Co.,LTD</b>
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