



# ANNUAL REPORT 2014

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED



GLOBAL HOUSE

“ALL INCLUSIVE FOR YOUR HOUSE”



# GLOBAL CSR 2014

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*In this regards, investors may obtain further information from form 56-1 at [www.sec.or.th](http://www.sec.or.th)*

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# Message from Chairman

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Dear Shareholders and Stakeholder,

As the world economic fluctuation in 2013 continued to 2015 make the economic growth quite low however the signs of recovery in The United States began to see more clearly since 2015 which may be beneficial to the partner countries. The situation in Thailand is still unstable either in political, exporting, depressed prices of agricultural goods may occurred the spending did not grow. However, Siam Global House Public Company Limited has the business profit growth in sufficiently good level from increased sales among business problem because of well management policy, well knowledge in business, strong fund and development of all aspects of incontinence.

The Board of Directors continues to expand stores all over the country which expect to be able to increase another 10 branches and prepare for AEC in 2016. The company has registration of establishment Global International Co.,Ltd. to cooperate with business partner in neighbor countries such as Myanmar, Laos, Vietnam, Indonesia, Brunei etc. which expected since 2016. The Company's growth will come back on a high level as always.

In addition to the company's growth is continuing, The Company remains committed to social responsibility and the environment. In last years, the company has supported the education, help disabled and disadvantage in the area, communities where our stores nationwide including cooperate with the International Red Cross blood donation in a province

I, as well as executives and employees of Siam Global House Public Company Limited proud to be one part of the company to develop the management system under the good corporate governance to continue the growth and sustainable including create a good return to shareholders and all stakeholders. Finally, I would like to thank all shareholders, customer, business partners, financial institutions as well as the sponsors that have trust and support the operations of the Company well over.

Yours Sincerely,



Mr. Apisit Rujikeatkamjorn  
Chairman  
25 March 2015





# Message from Chief Executive Officer

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Dear Shareholders and Stakeholders,

A lot had happened in Thailand in 2014, we saw years long political conflicts which later led to a major shift of power and slowdown in household consumption. High household debt in Thailand is believed to be a major drag of Thailand's economy in 2014. The major contributors are such as the political factor that cause to protest and the coup in May 2014, the first car incentive policy and more directly in the Agricultural sector, the rice pledging scheme. For Global House, though we added 5 new stores this year, we were only able to achieve revenue growth of 8.8% which the first time we saw a decrease in the last 17 years of operation. We also saw a decrease in the profit which part of this is due to the 5 months of closure for renovation of Surin branch.

However, we took this challenge as our opportunity to improve our business process and upgrade our IT system to better support our business strategy, accounting, and store operation. We shifted our focus to eliminate as much non-value process as we can with our "GlobalSoft" IT system and reinforce this concept to our very core DNA of high efficiency. For our customers, we have also rolled out our "Global Club" royalty scheme for all our customers and the automatic enroll prize draw system for the convenience of our customers.

Under my leadership and full commitment, I can assure to all our shareholders that we will thrive our strategy to be the best choice for our shareholders and valued customers.

Yours Sincerely,



Witoon Suriyawanakul  
Chief Executive Officer

25 March 2015





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SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED





## 1. Financial Highlights for the year 2012-2014

(Unit : Million Baht)

Summary of Financial Statements Information	2014	2013	2012
<b>Income Statement</b>			
Net Sales	15,560.85	14,302.44	10,782.57
Total Revenues	16,055.01	14,736.69	11,089.93
Gross Profit	2,355.71	2,188.95	1,616.47
EBIT	1,010.47	1,178.08	974.09
Net Profit (Loss)	701.71	885.02	627.86
<b>Balance Sheet</b>			
Total Assets	21,173.60	16,046.41	12,013.71
Total Liabilities	7,090.78	5,745.63	3,109.50
Total Shareholders' Equity	14,082.82	10,300.78	8,904.21
<b>Financial Ratio</b>			
Gross Profit Margin(%)	15.14	15.30	14.99
Net Profit Margin(%)	4.37	6.01	5.66
Return on Equity(%)	5.75	9.21	9.42
Return on Assets(%)	3.77	6.31	6.18
Debt to Equity Ratio (time)	0.50	0.56	0.35
<b>Earnings per Share</b>			
Earnings per Share* (Baht / Share)	0.2302	0.2940	0.2899
Book Value per Share(Baht / Share)	2.3597	3.9417	4.1382
Common Stocks (shares)	3,048,750,120	2,613,217,324	2,151,671,784

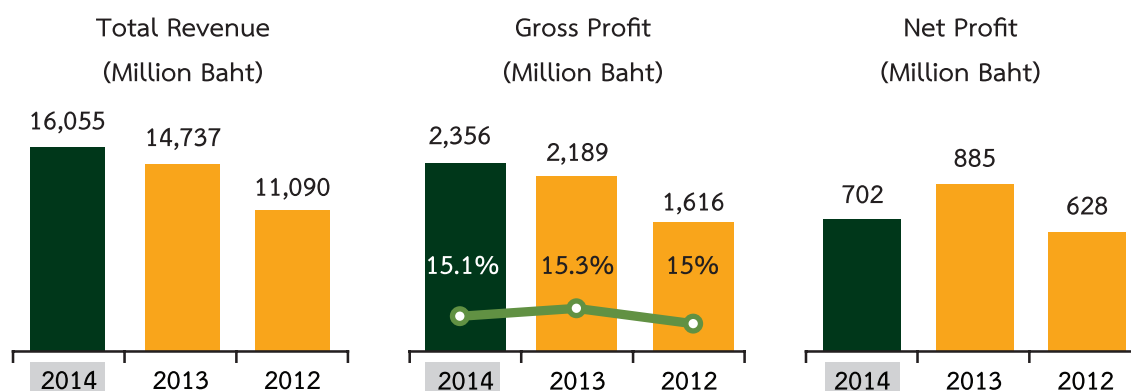
Note ;

\* use weighted average of common shares

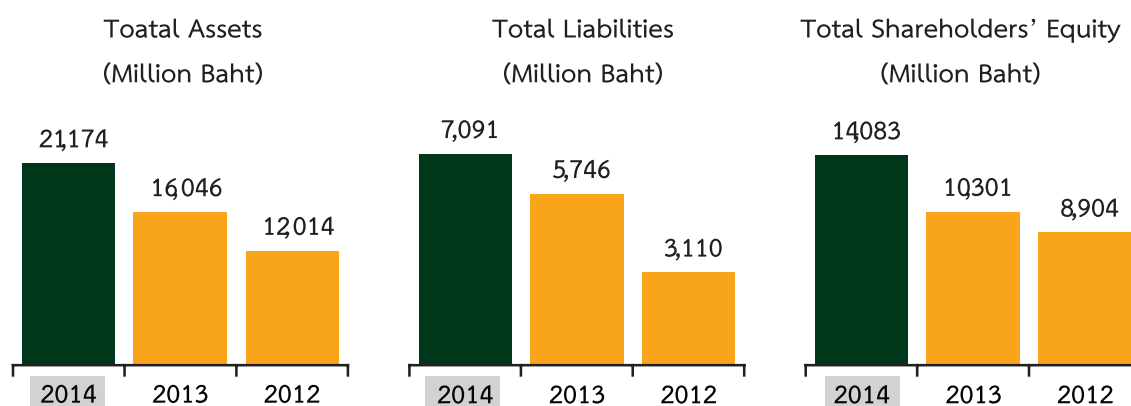
\*\* As at 24 April 2014, the Company increased authorized capital to 3,048,753,544 Baht according to the result of AGM 2014 and as at 31 December 2014, Paid-up Capital was 3,048,750,120Baht.



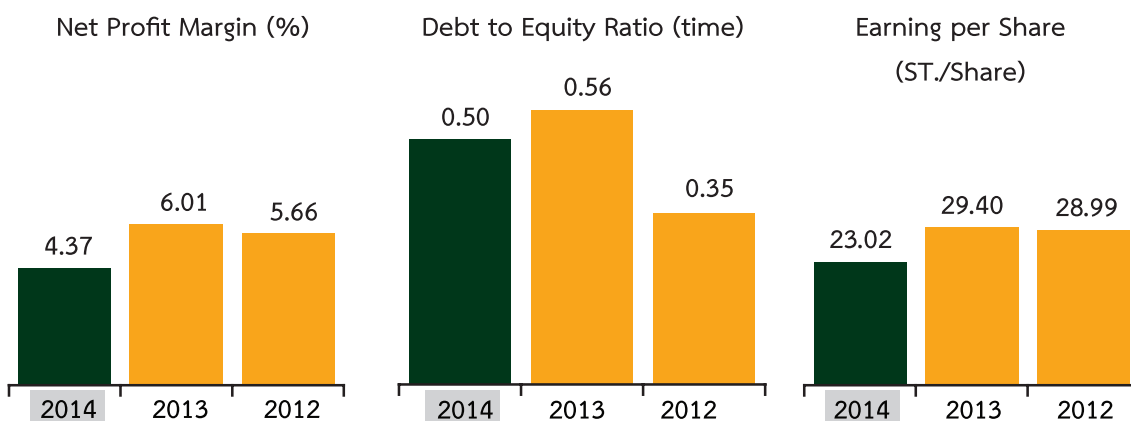
## Income Statement



## Balance Sheet



## Financial Ratio & Earnings per Share





## 2. 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 KhonKaen 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 RoiEt. 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	:	3,048,753,544 Baht
Paid-up Capital	:	3,048,750,120 Baht
Par Value	:	1.00 Baht



## Branches Information

1	Roi Et	232 Moo 19 T.Robmung A.Muang Roi Et 45000
2	KhonKaen	377 Moo 21 Maliwan Rd. T.BanPed A.Muang KhonKaen 40000
3	UdonThani	202 Moo 5 T.SamPrao A.muang UdonThani 41000
4	WiengKhumKam	99/3 Moo 11 T.ThaWangtal A.Sarapee Chiang Mai 50140
5	Rayong	137 Moo 4 T.Tub Ma A.Muang Rayong 21000
6	Chon Buri	25/74 Moo 3 T.BanSuan A.Muang Chon Buri 20000
7	NakhonPrathom	222 Moo 8 T.LamPhaya A.Muang NakhonPrathom 73000
8	RatchBuri	280 Moo 2 T.ChedeeHak A.Muang RatchBuri 70000
9	Kalasin	193 Moo 10 T.Lam Phan A.Muang Kalasin 46000
10	NakhonSawan	99/6 Moo 10 T.NongKot A.Muang NakhonSawan 60240
11	MahaSarakam	28 Sarakam - Wapeepathum Rd. T.Talad A. Muang Mahasarakam 44000
12	NongKhai	365 Moo 6 T.NongKom-Kao A.Muang NongKhai 43000
13	Nakhonratchasrima	493 Moo 2 T.Ban Kao A.Muang NakhonRatchasrima 30000
14	SakhonNakhon	444 Moo 9 Ban Na-Aoy Rd. T.That -Chongchum A.Muang SakhonNakhon 47000
15	NakhonPhanom	151 PinitRangsan Rd. T.NaiMuang A.Muang NakhonPhanom 48000
16	Chaiyaphum	8 Moo 11 T.Nong Nasang A.Muang Chaiyaphum 36000
17	Surin	88 Moo 13 T.ChaNeang A.Muang Surin 32000
18	Phitsanulok	9/9 Moo 7 T.Wat Chan A.Muang Phitsanulok 65000
19	Lamphun	161 Moo 5 T.Weing Young A.Muang Lamphun 51000
20	Mukdahan	35/8 ChayangkunRd. T.Mukdahan A.Muang Mukdahan 49000
21	Phare	158 Moo 2 T.Rongkat A. Sungmen Phare 54130
22	Lampang	518 Moo 11 T.Pongsanthong A.Muang Lampang 52000
23	Nan	340 Moo 4 T. ChaisatanA. Muang Nan 55000
24	Sukhothai	88 Moo 6 T.Bankluy A. Muang Sukhothai 64000
25	Ban Pai	77 Moo 6 T. Hua Nong A. Ban Pai KhonKaen 40110
26	Kampangpetch	11 Moo 10 T.NakonchumA.MuangKampangpetch 62000
27	Ubonratchathani	90 Moo 11 T.Thad A. Warinchumrab Ubonratchathani 34190
28	Ban Tad	823 Moo 4 T. Ban Chan A.Muang UdonThani 41000
29	Lopburi	41 / 3 Moo 1 T. NikomSangtoneng A. Muang Lop Buri 15000
30	Trad	62 / 26 Moo 5 T. Wang kajae A. Muang Trad 23000
31	Chanthaburi	119 Kwang Rd. T. Talad A. Muang Chanthaburi 22000
32	Nongbualamphu	127 Moo 6 T. Nongbua A. Muang Nongbualamphu 39000



## Vision

### Vision

The best distribution channel for building materials and home furnishings of ASEAN(A Better Choice for A Better Home)

### Mission

The Company will focus on the value of products and services according to the customers 'need of each area along with the management of cost and administrative expenses to appropriate level in order to deliver the value of products and services to the customers.

To achieve the vision of "A Better Choice for A Better Home".In addition the management under the principles of good governance and excellence of working process. The Company will focus on developing distribution channels, collaboration with the strategic partner along with the development of information technology and human resources to support business growth and the stakeholders.

## Objectives & Goals

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 32 stores covering 3 regions; the central and the eastern 7 branches; NakhonPathom ,Ratchaburi, Rayong ,Lopburi, Chon Buri, Chanthaburi and Trad .The northeastern 16 branches; Roi Et, KhonKaen, UdonThani, Kalasin , MahaSarakhm, NongKhai, NakhonRatchasima ,SakonNakhon ,Nakhonphanom ,Chaiyaphum ,Surin, Mukdahan ,Ban-Phai (KhonKaen) and Ubonratchatani ,Ban Tad(Udonthani) and Nongbualamphu. The northern 9 branches; Chiang Mai , NakhonSawan , Phitsanulok , Lumphoon ,Phare , Lampang ,Nan , Sukhothai and Kamphaengphet.

In addition to achieve "The best distribution channel for building materials and home furnishings of ASEAN",the Company be in process of stores expansion to cover areas of Thailand ,including of distribution channel development to support the changing of life style. Currently, the Company is studying of opportunities to expand distribution channels to other countries in ASEAN.

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's 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 depends on consumers behavior. In addition, the Company aims to expand stores which coverage the provinces to response the consumers' need. Now the Company operates 32 branches.

### 3. Nature of Business

“Global House” operates a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products under the concept One Stop Shopping Home Improvement Center. Our target markets are retail customers, small distributor, and professionals.

“Global House” divided products into 2 groups;

#### 1. Building Material Group

- Cements and Construction materials
- Steels, Nails and Wires
- Roofs and Installation tools
- Tanks, Pipes, Water Systems and Gardening

#### 2. Decorative items

- Doors, Windows and Woods
- Hardware
- Electrical Accessories
- Sanitary wares and Kitchens
- Ceramic Tiles and Decorative items
- Paints and Chemicals
- Furniture and Appliances

(Unit: Million Baht)

Revenue Structure	31 Dec 2012		31 Dec 2013		31 Dec 2014	
	Amount	%	Amount	%	Amount	%
Sale Revenue	10,782.57	97.15	14,302.44	97.05	15,560.85	96.92
• Building Material Group	3,893.98	35.08	5,094.78	34.57	5,623.15	35.02
• Decorative items	6,888.59	62.07	9,207.66	62.48	9,937.70	61.90
Other Revenue	316.25	2.85	434.25	2.95	494.16	3.08
Total Revenue	11,098.82	100.00	14,736.69	100.00	16,055.01	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.

Type of Goods	Example of Goods	Number of items
<b>1. Building Material Group</b>		
• Cement and Structure	Cement Portland, Cement Plaster	103
• Steel, TackandWire	Steel Round, Steel Deformed bars	840
• TileandEquipmentInstallation	Ceramic Tile, Concrete Tile	3,160
• Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	8,966
<b>2. Hardware and Decorative Group</b>		
• Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	5,319
• Tools	Steels Tools, Wood Tools etc.	18,201
• Electricity and Equipment	Switch, Plug, Cables, Lighting, Home Appliances	19,034
• Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	12,889
• Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	11,131
• Painting and Chemical material	Paints, Base, Oil	6,786
• Furniture Equipment	Flap, Connector, Lock equipment and Placeholder	4,542
• Furniture and Home ware	Closet, Chair, bed	3,123
<b>Total</b>	<b>94,094Items</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:

<b>FAST</b>	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.
<b>RIGHT</b>	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.
<b>CHEAP</b>	customers can expect quality products at a lower-than-market price from us.
<b>EASY</b>	we want to provide an easy and welcoming atmosphere to all our customers.
<b>POLITE</b>	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.

## Procurement and Management

### Procurement

Procurement is managed and operated by our experienced team of buyers located in RoiEt 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.

## House Brand Products.

The Company currently has 50 house brands products and over 10,000 items. 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.



## Marketing 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 71 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 Watsa dumanages 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 40 branches.
- 1.4 Home Hub manages by Mr. OngatTangmitpracha. The company distributes construction material, home improvement under the concept “Home Hub Fast and Easy”. Home Hub has 5 branches. They establish on UbonRatchathani for 3 branches, KhonKaenand 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 6 branches and establish on UbonRatchathani, NakhonRatchasima, Pathumthanee (Rung Sit, Klong 7), KhonKaen,Udonthani and Rama2.
- 1.6 MEGA HOMEmanage by Mega Home Center, the building materials distribution center and appliances. The major shareholder is Home Product Center Public Company Limited was operated 4 branches in Mae Sot ,Rangsit , NongKhai and Boa Win.
- 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 accessoriesfor 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.

## 4. Risk Factors

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

### 4.1 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 urban 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 2014, the company has opened 5 new stores that totaling 32 branches coverage 30 provinces i.e. Roi-Et KhonKaen (2 stores), Udonthani (2 stores), Chiang Mai, Rayong, Chonburi, Nakhonprathom, Ratchaburi, Kalasin, Nakhonsawan, Maharakam, Nong Kai, Nakhonratchasima, SakonNakhon, NakhonPhanom, Chaiyaphum, Surin, Phitsanulok, Lamphun, Mukdahan, Phare, Nan, Lampang, Sukhothai, Kampangetch, Ubonratchathani, Lopburi, Trad, Chanthaburi and Nongbualamphu. Now, the Company still has 2 branches which have been construction are Petchaboon and Buriram which would be operate in 2015.

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, 2012, December 31st, 2013, and December 31st, 2014, the Company had inventory of 4,974.85 million Baht, 6,663.90 million Baht and 7,041.27 million Baht respectively, or in percentage to total asset are 41.43%, 41.53% and 33.25%. 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 canfluctuate 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

Due to the natural disasters occurred in last year . The management is aware of the building safety, stakeholders and inventory that the management assigned to engineering teams to inspect the strength of buildings every stores. In addition the Company has also insured cover the damage from natural disasters to the building and inventory.

### 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.

## 4.2 Financial Risk

### 1. Financial Risk

Although the Company will repayment the long term loan to the financial institutions, 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 2012 was 99.93 %, in 2013 was 99.99% and in 2014 was 99.75%. 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, 2014 the Company has account receivable of 18.90 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 2014, 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, 2014 to defend any risk if occur. The volume of monetary is 2,600 million baht and credit used is 297.70 million Baht. However, company did not use those money until now because it is not effected to company.

## 4.3 Risk from the major shareholder

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

As at 31 December 2014 the Suriyawanakuls and SCG Distribution Co.,Ltd. are the major shareholders that totaling 2,043,790,446 shares or 67.04 % of the total issued shares. Therefore the Suriyawanakuls 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.



## 5. Shareholding Structure.

### Security & Shareholders

As at December 31, 2014, the Company has the authorized capital of 3,048,753,544.00Baht. The common stock of 3,048,750,120.00shares, there are paid-up capital amount 3,048,750,120.00Baht and par values at 1 Baht per share.

The top shareholders holding the shares on the closing date as of December 31, 2014

### Top Ten Shareholders

Rank	Name	Shares	Percentage (%)
1	The Suriyawanakuls	1,128,706,894	37.02
2	SCG Distribution Company Limited	915,083,552	30.02
3	Mr. Jearanai Lerdrachkul	61,913,533	2.03
4	Bualuang Long -Term Mutual Funds (LTF)	43,850,966	1.44
5	Mrs. Pitchaya BoonprasomPoonlarp	40,861,900	1.34
6	Mr. Boonyong Thanyawu	36,218,000	1.19
7	Mr. Thaweechatr Churangkul	34,804,500	1.14
8	Bualuang Thosphol Mutual Funds	26,704,500	0.88
9	Bualuang Long - Term Mutual Funds (LTF) 75 / 25	23,554,833	0.77
10	Mrs. Paweena Kositjiranan	22,624,219	0.74
11	Other	714,427,223	23.43
	<b>Total</b>	<b>3,048,750,120</b>	<b>100.00</b>

Note : Details of theSuriyawanakuls as following table.

## List of the “Suriyawanakuls”

Rank	Name	Shares	Percentage (%)
1	Mr. Wittoon Suriyawanakul	511,763,599	16.79
2	Mr. Anawat Suriyawanakul	372,535,594	12.22
3	Mrs. Warunee Suriyawanakul	145,029,603	4.76
4	Ms. Kunnatee Suriyawanakul	35,676,238	1.17
5	Mr. Kriengkrai Suriyawanakul	31,346,256	1.03
6	Mrs. Ratnawadee Suriyawanakul	22,471,526	0.74
7	Ms. Patumwan Suriyawanakul	3,996,105	0.13
8	Mrs. Karuna Suriyawanakul	1,633,333	0.05
9	Mr. Wiboon Suriyawanakul	1,529,183	0.05
10	Mr. Yutthana Suriyawanakul	1,184,166	0.04
11	Mr. Pongsak Suriyawanakul	567,928	0.02
12	Mr. Pongkorn Suriyawanakul	385,776	0.01
13	Mr. Apilas Suriyawanakul	340,276	0.01
14	Mr. Wittaya Suriyawanakul	86,810	0.00
15	Mr. Adisak Suriyawanakul	56,433	0.00
16	Mr. Chakapong Suriyawanakul	50,500	0.00
17	Mr. Pichit Suriyawanakul	39,005	0.00
18	Mr. Jarupol Suriyawanakul	11,705	0.00
19	Mrs. Nipaphan Suriyawanakul	2,858	0.00
	<b>Total</b>	<b>1,128,706,894</b>	<b>37.02</b>

## Other Securities Issued

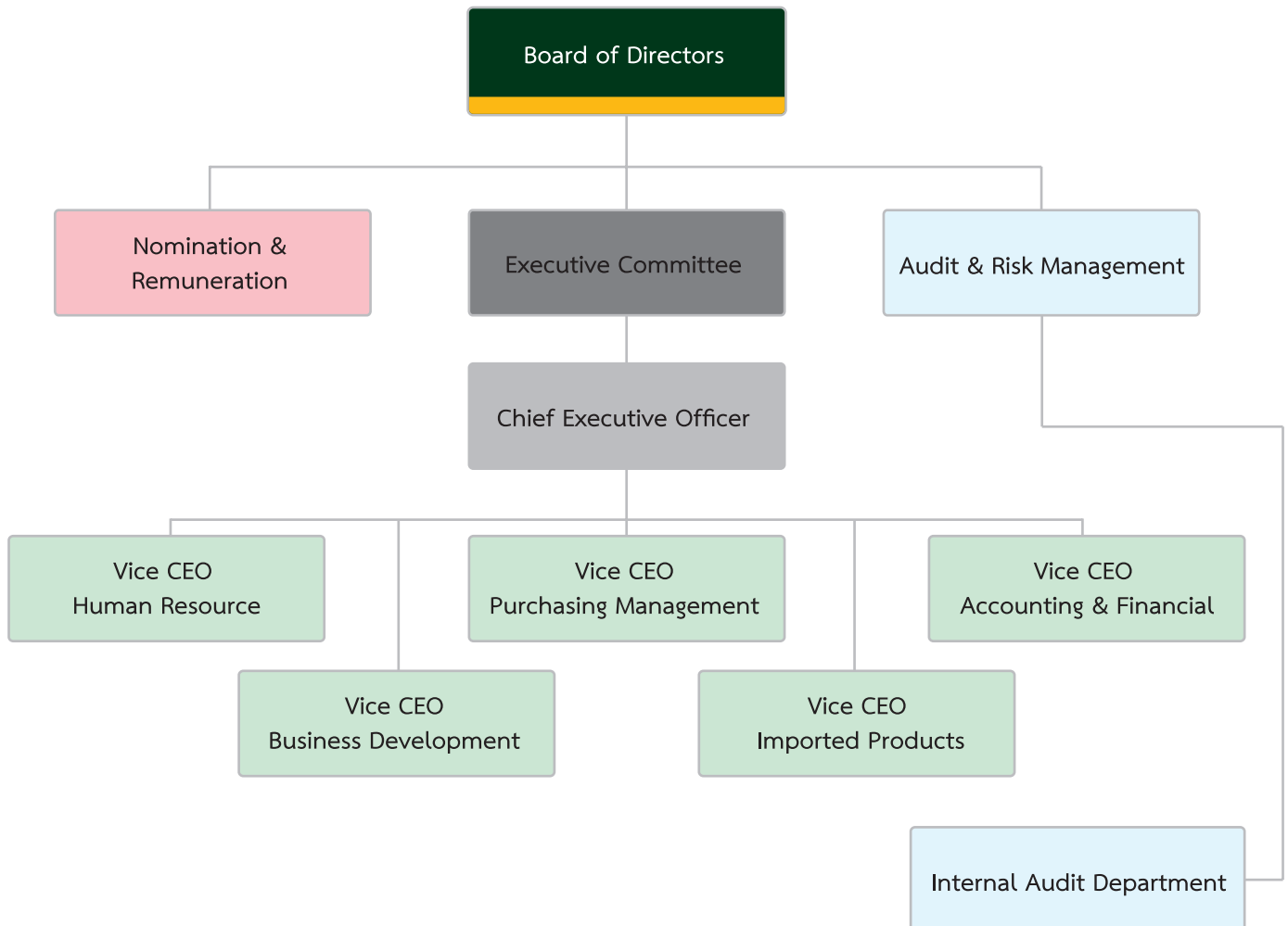
The Company issuance and offer of debenture amount 3,000 million Baht following the approval of the 1/2013 Extraordinary General Meeting held on 20 September 2013 at amount not exceeding 5,000 million Baht. Key details are as follow.

Name	: The Debenture of Siam Global House Pcl.1/2014
Type	: Unsubordinated and unsecured debentures
Offer Amount	: 3,000,000 Unit
Total	: 3,000 Million Baht
PAR Value	: 1,000 Baht
Offer Price	: 1,000 Baht
Issuance Date	: 27 February2014
Tenor	: 3 Years
Maturity Date	: 27 February2017
Coupon rate	: 3.85 %
Coupon Payment	: Semi-annually
Repayment of Debentures	: Repayment of principal due on maturity date.



## 6. Management.

Organization Chart 31 December 2014



The management structure of the Company consist of the Board of Directors and 3 sub-committee ; Executive Committee , Audit and Risk Management Committee and Nomination and Remuneration Committee.

### Board of Directors

As at 31 December 2014, the Board of Directors has totaling 10 persons, consisting of 3 Directors who is management, and 7 Non-Executive Directors.

The Board of Directors has balance sufficient and the appropriate structure as follow;

- Consist of 4 dependent directors which is 1 / 3 of all directors.
- The Audit Committee consistof 3 dependent directors which is dependent, acknowledge, experienced of reviewed financial statements and include of operated in Audit Committee duty.

Name of Directors		Position
1. Mr. Apisit	Rujikeatkamjorn	Chairman / Independent Director
2. Mr. Witoon	Suriyawanakul	Director / Executive Director / Nomination & Remuneration Director
3. Mr. Anawat	Suriyawanakul	Director / Executive Director
4. Mrs. Warunee	Suriyawanakul	Director / Executive Director
5. Assoc. Prof. Phornsir	iThivavarnvongs	Independent Director / Director Chairman of Audit & Risk Management Committee
6. Mr. Pornsak	Sakpunpanom*	Independent Director / Director Member of Audit & Risk Management Committee Chairman of Nomination & Remuneration Committee
7. Mr. Surasak	Chantori	Independent Director / Director Member of Audit & Risk Management Committee Nomination & Remuneration Director
8. Mr. Kajohndech	Saengsubhan	Director
9. Mr. Nithi	Phatrachok	Director / Executive Director
10. Mr. Aree	Chavalitcheewingul**	Director

Note :

\*The Board of Director meeting 1, 2015 held on 17 February 2015 appointed Mr.Pornsak Sakpunpanom to chairman of nomination & remuneration committee replaced Mr.Witoon Suriyawanakul and approved resignation of Mr.Anawat Suriyawanakul from nomination & remuneration director.

\*\*The Board of Directors' Meeting 5 / 2014 held on 7 November 2014 appoint Mr.Aree Chawalitcheewinkul to be director replaced Mr.Pichit Maipumwho resigned .

#### 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 there to 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.



## Functions and Responsibilities of the chairman

1. To Support the implementation of either committee and subcommittee to complete the target of planned
2. Consideration and specify the committee's agenda and help the committee to get the right information before the meeting.
3. To lead the committee in the committee's meeting by control the right meeting including get the committee to share their opinion to support the committee's decision.
4. To lead the shareholder's meeting to be in lines of the company's policy and laws including get the shareholders to share their opinion also answer the question as appropriate and clear
5. To build the good relationship between the Committee management and Committee

## Term of Directors

According to the Article 19 of Company's Articles of Associations, one-third of the total number of the directors shall retire at each annual general meeting of shareholders. If the number of directors to retire from office is not a multiple of three, then the number nearest to one-third shall be applied. The longest directors in the Board will automatically be tired but may also be reelected. In addition to their term the directors will be retiring on follow;

1. Death
2. Resignation
3. Ineligible or illegal characteristic
4. Resign by vote of the shareholder's meeting
5. Resign by court order

## Board of Directors Meeting

The Board of Directors are scheduled of meeting in advance throughout the year. In year 2014, there are the meeting 4 times and special meeting 1 time totaling 5 times.

## Sub - Committees

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 Committee

Name of Directors			Position
1.	Mr.Witoon	Suriyawanakul	Chairman of the Executive Committee
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 : Assoc. Prof. Phonsiri Thiwawanwong have well knowledge about accounting and financial management.

### 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:
  - 1) Opinions on accuracy, completeness and credibility of the company's financial reports;
  - 2) Opinions on sufficiency of the company s internal control system;
  - 3) Opinions on the company s compliance with securities and SET laws and SET regulations, or business laws related to the company and its subsidiaries;
  - 4) Opinions on suitability of external auditors of the company;
  - 5) Opinions on transactions of possible conflicts of interest;
  - 6) The number of audit committee meetings, and attendance of each audit committee member;



- 7) Opinions or observation by the audit committee during their auditing practice according to charter; and
  - 8) 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.Pornsak Sakpunpanom*	Chairman of the Nomination and Remuneration Committees (Independent Directors)
2. Mr. Witoon Suriyawanakul	Member of Nomination and Remuneration Committee
3. Mr. Surasak Chanthori	Member of Nomination and Remuneration Committee (Independent Directors)
4. Mr. Anawat Suriyawanakul**	Member of Nomination and Remuneration Committee

Note : According to regulation of Corporate Governance, the Board of Directors meeting 1 / 2015 held on 17 February 2015 had resolution as follow;

\*Appointed Mr.Pornsak Sakpunpanom was the chairman of Nomination and Remuneration replaced Mr.WitoonSuriyawanakul

\*\*Mr.Anawat Suriyawanakul was resigned from member of Nomination and Remuneration Committee.

## Functions and Responsibilities of the Nomination and Remuneration Committees

### 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:
  - 1) Each shareholder has the vote equivalent to one vote per one share held.
  - 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.
  - 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 received duties from the Chairman.

## 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 Officers

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.

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.

### Secretary of the Board of Directors

On 15 February 2012, the Board of Directors has resolution to appoint Ms.Siriwan Na Nan manager of Audit Department as the secretary of the Board of Directors.

### Authority of Secretary of the Board of Directors:

1. Arrange and maintain documents as follow;
  - 1) Directors registration
  - 2) Notice calling for the Board of Directors Meeting, Minutes of the Board of Directors Meeting and the Annual Report of the Company
  - 3) Notice calling for the Shareholders Meeting and Minutes of the Shareholders Meeting.
2. Maintain the report on interests which have been reported by the directors or executives.
3. Manage other matters as stipulated by the Capital Market Supervisory Board.
4. Facilitate for activities of the Board of Directors.
5. Coordinate with relevant person in order to be in compliance with the resolution of the Board of Directors.

## Nomination 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:
  - 1) Each shareholder has the vote equivalent to one vote per one share held.
  - 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.
  - 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

### Cash Remuneration

The resolution of the Annual General Meeting of Shareholders 2014 on 9 April, 2014 approved on the remuneration for the directors with amount of not exceeding Baht 6,000,000. Details of remuneration payment for the Board of Directors and sub-committee 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 2014

Directors		Position	Meeting Allowances	Monthly Remuneration	Total (Baht)
Mr. Apisit	Rujikeatkamjorn	Chairman	175,000.00	600,000.00	775,000.00
Mr.Witoon	Suriyawanakul	Director / Executive Director / Nomination & Remuneration Director	150,000.00	-	150,000.00
Mr. Anawat	Suriyawanakul	Director / Executive Director / Nomination & Remuneration Director	150,000.00	-	150,000.00
Mrs.Warunee	Suriyawanakul	Director/Executive Director	150,000.00	-	150,000.00
Assoc.ProfPhornsiri	Thiwawanwongs	Chairman of Audit Committee / Independent Director	245,000.00	300,000.00	545,000.00
Mr. Surasak	Chuntori	Audit Committee / Independent Director	250,000.00	300,000.00	550,000.00
Mr. Pornsak	Sakpunpanom	Audit Committee / Independent Director	250,000.00	300,000.00	550,000.00
Mr. Kajondech	Saengsuphan	Director	150,000.00	300,000.00	450,000.00
Mr. Nithi	Phatrachoke	Director / Executive Director	150,000.00	300,000.00	450,000.00
Mr. Pichit	Maipum	Director	90,000.00	275,000.00	365,000.00
Mr. Aree	Chavaltichevinkul	Director	-	25,000.00	25,000.00

Note : Mr. Aree Chavaltichevinkul as a director in placed of Mr.Pichit Maipum who resigned on 7 November 2014 according to resolution of the Board of Director meeting 5 / 2014.

## Executive Remuneration.

The executive remuneration consists of salary, bonus, provident fund, social security and other remuneration. The criteria used to pay based on the knowledge, experience and performance by compared with companies in the same business.

Remuneration of Executives Officers	2012		2013		2014	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	5	22,020,000.00	5	22,020,000.00	5	22,020,000.00
Bonus	5	2,628,237.00	5	2,625,063.99	5	2,625,063.96
Provident Fund	5	468,000.00	5	660,600.00	5	660,600.00
Social Security	5	31,500.00	5	36,000.00	5	45,000.00
Others	5	2,795,847.00	5	3,152,400.00	5	3,272,400.00
<b>Total</b>		<b>27,943,584.00</b>		<b>28,494,063.99</b>		<b>28,623,063.96</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 2014 amount 1,747,860.84 Baht.

## Human Resource

The Amount of Staffs during year 2012 -2014

Staff	31 December 2012	31 December 2013	31 December 2014
Amount of Staffs	3,052	3,889	4,751
Amount of Branches	20	27	32

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

## Change in Number of Employee with Significance

By the end of 2012, the number of employees of the Company has increased from the previous year. This is due to the expanding branch from 20 stores at the end of year 2012 to 27 stores at the end of year 2013 and to 32 stores at the end of year 2014. The amount of staffs at the end of year 2012, 2013, 2014 were 3,052 persons, 3,889 persons and 4,751 persons respectively. For the past 3 years, the Company has no significant labor disputes.

## Staffs Remuneration.

(Unit : Thousand Baht)

Staff's Remuneration	2012		2013		2014	
	Staffs (person)	Amount	Staffs (person)	Amount	Staffs (person)	Amount
Salary	3,208	294,627	4,506	448,828	4,803	591,630
Bonus	-	16,879	-	48,783	-	43,408
Provident Fund	2,137	6,883	3,104	10,795	4,753	13,739
Social Security	3,208	9,895	4,506	17,212	4,803	26,183
<b>Total</b>		<b>328,284</b>		<b>525,618</b>		<b>674,960</b>

Note : The Bonus of year, 2014 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 2014 which include employees who resigned

## 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 managed 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.

- 1) The activities to support the safety
- 2) Think Safe Work Safe
- 3) Safety Management Framework
- 4) 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 .

- 1) e- Learning System
- 2) Skill Base System for employees' function
- 3) Learning by doing at Head Office





## 7. Corporate Governance

The Company realizes the importance of the good Corporate Governance, the transparent management system and accountability in order to confidence of shareholders , investors and stakeholders. Therefore, the Board of Directors had set the manual Code of Conduct for committee ,executive officer and employees and published through [www.globalhouse.co.th/investor](http://www.globalhouse.co.th/investor)

### The Policy of 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 :

#### 1. 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 2014 from November 26, 2013 to January 31, 2014.
- 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 has a policy to accommodate the shareholders and institutional shareholders to attend the meeting. Therefore, the Company has chosen meeting venue location with access by convenient transportation for shareholders attending the meeting
- 4) The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
- 5) 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.
- 6) In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
- 7) In case of the shareholders cannot attend the meeting that they can appoint Independent Directors to be their proxy .The Company has provided Assoc.ProfPhornsiriThiwawanwongs and Mr.Surasak as proxies.
- 8) 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.

## 2. Equitable Treatment of Shareholders

The company has the policy to treat the shareholders as equitable and share the opinion about the company's operate by set the independent committee to take care of the minority shareholders who can give an advice, share the opinion and complaint to the independent committee who can considerate the appropriate in each topics. For example: In case of complaint, the independent committee will find out the fact and find the appropriate way to solves the complaint. However, the shareholders still can questions to complete the agenda including nominate the person to be candidate through <http://www.globalhouse.co.th>

The director has set the confidential information measure from the insider including board of directors and executive, employee and employee of related companies (including spouse and minor child) to use the confidential information that haven't been disclosure to buy, sell or transfer securities of the company in 30 days before financial statements has present to The Securities and Exchange commission or before the confidential information has disclosure to public and also define punish for disclosure of company's information or use the confidential information for personal gain and also give the knowledge and understanding to the Board of Directors and executives about duty to report to the securities and exchange commission (SEC) according to section 59 of the Act 2535 (1992) securities and exchange including inform and condition information to the securities and exchange commission (SEC) for board of directors and executives as inform.

## 3. Roles of Stakeholders

The company has considerate for the rights of all stakeholders involved the company including internal stakeholders who is shareholders, employee and board of director or external stakeholders who is competitor, Partners, customers, community and society etc. The company realized that the support and get the feedback as well as build a good relationship to the stakeholders will be good benefit for the operation and develop the company to grow and expand in the future. The company has provide the group to get the rights in Equitable including comply with provision of the laws and regulation related as below.

- 1) Shareholders : The company focus on being a good representation to satisfy the shareholders by considerate about the growth of company value over the long term with the good control system and internal audit with clean disclosure information.
- 2) Employee : The company are supporting the development of the potential of human resource for maximum benefit because the company has considerate that the employee is one of the primary resources that are critical in the development of the organization to grow therefore, the company are treat the employee all equally and fairly without discrimination by give the rewards and welfare proper
- 3) Employee : The company are supporting the development of the potential of human resource for maximum benefit because the company has considerate that the employee is one of the primary resources that are critical in the development of the organization to grow therefore, the company are treat the employee all equally and fairly without discrimination by give the rewards and welfare proper
- 4) Competitor : Treat the competition have a code of ethics with great competitiveness by avoiding competition with dishonest way to destroy rivals.

- 5) Customers: The company are concentrate to give a great service and satisfy for customers. Supply of goods and services quality. Trade with customers with honesty and fairness.
- 6) Community and Society: The company recognizes the importance of maintaining the environment of the surrounding community with campaign to save energy and the operate is not contrary to the traditions or damage to society.

The company has organised the channal contact to get the complaint for stakeholders which may be a problem with company directly to the Board of Directors (Whistle Blowing) via company's website

#### 4. Disclosure and Transparency

The Company realized the importance of disclosure with transparency including financial reports and general information complied with regulation of SEC and SET. As well as other information that affects to price of securities and decision making of investors and stakeholders. The Company will disclose information to shareholders or investors through SET and SEC including the Company's website, newspapers for the shareholders access to information equally.

The Company assigned the secretary to response about disclosure information for the stakeholders, that can be contacted by 043-519777, 043-519596 Fax 043-519649 or E – mail : siriwan.n@globalhouse.co.th

In 2014, The company has a disclosure channel as below;

- 1) Via company's website (www.globalhouse.co.th) as company's news, Annual Report, Shareholders' meeting, news to inform to SET, information on corporate governance, Board Structure, Shareholders Structure. In addition, shareholders, investors and stakeholders can shares their opinion and propose agenda, question and nominate someone with the qualifications committee positions prior to the meeting invitation is sent through the website.
- 2) The company has organized the analyst meeting to brief for disclosure of quarterly operating results in all years 2014 for investors.
- 3) Visit the investor's trade in all year 2014, The company allows investors both in Thailand and Aboard to meet with executives and visit the various branches.
- 4) In 2014, the Company attend the conference and Road show as arranged of both domestic and international totaling 9 times as follows;
  - Joining the Conference and Roadshow in Singapore , Hong Kong, Canada and USA totaling 5 times.
  - Having met foreign investors as arranged by Financial Institution in Thailand for 4 times.

#### 5. Responsibility of Board of Directors

Duty of Directors to consider and approve the company's operate information such as vision and mission, strategy, risk planning and budget of the company and also supervise the management of target based on Legal requirements and ethical business for the benefit of the company and all concerned parties.

- 1) The company has a policy on corporate governance affidavit which has to be approved by Board of directors. The guideline for Directors, Executives and employee to provide a review of the policy on a regular basis.
- 2) The company has a policy to run the business with clean, right and fair by define business ethic in written and disclosure to directors, executives and employee to be upheld and strictly complied with the policy.
- 3) The company has define the policy about conflict of interest on the principle that any decision to conduct business activities shall be only made to the maximum benefit of the company and avoid the activities which can be conflict of interest by define someone who related with specify to consider and must inform the company about relationship or the association in the list and must not participate in considering the issue including no authority to approve the transaction.

The Audit director will present to the director about related and conflict transaction which considered suitable carefully and also the company has strictly conduct the criteria of The stock exchange of Thailand in terms of pricing and condition to someone who may have a conflict of interest, virtual items with external parties and submit a report on the period of the stock exchange of Thailand and will be disclosed in financial statements, Annual Report and Annual information form (56-1)

- 4) The company focuses on providing a good internal control system by provides a manual on rules and procedure in writing and define segregation the duties and responsibilities, powers of the operational and management issues.

The director assigned the audit director to have a responsibilities to review the suitability and effectiveness of internal control systems provided by the company including prepare and review of all operational aspects of control systems, financial reporting, follow the rules, regulatory policies and corporate governance practices. The company has provided the internal control department who monitors the system of internal control and report directly to the board of directors. The director assigned the audit director to have a responsibilities to review the suitability and effectiveness of internal control systems provided by the company including prepare and review of all operational aspects of control systems, financial reporting, follow the rules, regulatory policies and corporate governance practices. The company has provided the internal control department who monitors the system of internal control and report directly to the board of directors.

- 5) The Company has set policy of quorum to vote on the Board of Directors meeting that required minimum 2/3 of all directors. In addition, the non- executive directors can convene among themselves.
- 6) The Board of Directors set policy for CEO is not holding a position in others listed company in order to devote more time for duties effectively.
- 7) Supporting the directors to attend the training or seminar courses of Thai Institute of Directors.

## The Board of Director Meeting

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 2014

Directors' Name	Attend / Total Meeting(times)			
	Board of Directors' Meeting	Audit Committee's Meeting	Nomination & Remuneration Committee's Meeting	Executive Committee's Meeting
1. Mr.Apisit Rujikeatkamjorn	5/5			
2. Mr.Witoon Suriyawanakul	5/5		1/1	7/7
3. Mr.Anawat Suriyawanakul	5/5		1/1	7/7
4. Mrs.Warunee Suriyawanakul	5/5			7/7
5.Assoc.Phornsiri Thiwawanwong	4/5	5/5		
6.Mr.Pornsak Sakpunpanom	5/5	5/5		
7. Mr.Surasak Chuntori	5/5	5/5	1/1	
8. Mr.Kajohndech Saengsubhan	5/5			
9. Mr.Nithi Patarachoke	5/5			4/7
10. Mr.Pichit Maipum	3/5			

Note : The Board of Directors' Meeting 5/2014 appoint Mr.Aree Chawalitchewingul to be director replaced Mr.Pichit Maipum who resigned on 7 November 2014.

## 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.



## Training Program for the Board of Directors and Executive Officers

1. The Board of Directors promote and support directors to attend training course or seminars in order to accumulate knowledge that will benefit the Company annually at least 1 person. The Board of Directors assigned the Secretary of the Board of Directors to collaborate and notify directors of upcoming training courses and seminars.
2. The Company has policy to organize orientation to every newly director in order to acknowledge the roles, duty and responsibility and nature of business. By presenting information, manual of the code of conduct and Company's Articles of Association. Including training programs for newly directors held by Thai Institute of Directors (IOD).
3. The Board of Directors 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 of Directors form Directors' development project and the Chairman of Executive Director report back the progress every year and assess in conjunction with the succession plan.

In 2014, 2 directors had attended the training programs and seminars as follow ;

Director's Name	Position	Training Programs / Seminars	Date
Mr. Pornsak Sakpunpanom	Member of Audit & Risk Management Committee	• Director Accreditation Program DAP111/2014 (IOD)	- 1 Sep 2014
		• CG Forum 2/2014: Corporate Governance in the Perspective of Investors (SET)	- 4 Jun 2014
Assoc. Phornsiri Thiwawanvongs	Chairman of Audit & Risk Management Committee	• CG Forum 2/2014: Corporate Governance in the Perspective of Investors (SET)	- 4 Jun 2014

## Internal Information Monitoring

The Company realized the importance of controlling the use of inside information, especially the information that undisclosed to public which may affect to price securities. By defining a policy on code of conduct manual as follow;

1. The Board of Directors has define stipulation to prevent the wrongfully use of inside information by individual concerned that including directors, executive officers and employees (including spouse and minor child). By using the inside information was undisclosed for buy, sales or transfer the securities within 30 days before disclosure information to SEC or the publicly.

2. The Company assigned the Accounting and Financial department submit the financial reports to SET and SEC that reviewing by the Audit Committee and the Board of Directors in order to insure that the information will not be disclosed to public prematurely.
3. Informing to directors and executive officers for disclosure of shareholding to SEC according to the Article no.59 and penalties under the Public Limited Companies Act B.E 1992.

Details of Company's shareholding of the Directors and Executive Officers as at 31 December 2014

Name	Position	A number of shareholding		
		31 Dec2014	31 Dec2013	Increase/ (Decrease)
Mr. Apisit Rujikeatkamjorn	Chairman	-	-	-
Mr. Witoon Suriyawanakul	Director/Executive Director	511,763,599	438,654,514	73,109,085
Mr. Anawat Suriyawanakul	Director/Executive Director	372,535,594	318,900,124	53,635,470
Mrs. Warunee Suriyawanakul	Director/Executive Director	145,029,603	124,311,089	20,718,514
Assoc. Phornsiri Thiwawanwong	Director/Audit Committee	-	-	-
Mr. Pornsak Sakpunpanom	Director/Audit Committee	-	-	-
Mr. Surasak Chantori	Director/Audit Committee	-	-	-
Mr. Kajohndech Saengsubhan	Director	-	-	-
Mr. Nithi Patarachoke	Director/Executive Director	-	-	-
Mr. Pichit Maipum	Director	-	-	-
Mr. Aree Chawalitcheewingul	Director	-	-	-
Mr. Yutthana Suriyawanakul	Vice-CEO	1,184,166	1,015,000	169,166
Ms. Chutikan Srisaengchan	Vice-CEO	883,800	840,000	43,800
Mr. Nampol Malichai	Vice-CEO	83,333	120,000	(36,667)

Note : The numbers of shares that increase in 2014 mostly from the stock dividend payment.

## The Internal Audit Department.

The Company has established the Internal Audit Department in order to promote the procedure of good governance that reviewing and follow up the result of work performance to the Management and reporting the result of the operation to the Audit Committee directly.

Moreover, the Audit Committee consider and appoint the auditor which the resolution of the shareholders in 2014 approved to appoint the auditor from MR & Associate Co.,Ltd., by Mr.PisitCheewaruengrot, an auditor License 2803 or Mr.MetheeRattanasrimetha, an auditor License3425 as the auditor of the Company for the year 2014. The auditors does not have relationship withthe Company / executive officers/ major shareholders.

## Whistleblowing Policy.

The Company has policy to take care of the stakeholders such as shareholders, customers, suppliers and other parties that able to comment about products ,services ,operating including fraud case or misconduct of employee and executive officers through the Company's website in order to investigate on timely. By assignment to the Internal Audit Department and Secretary Office received the comments.

- The comment of operating, products or services,the Secretary Office will examine and gathering the facts from concerned parties then reporting directly to CEO.
- The fraud whistleblower or misconduct of employees or executive officers, the Internal Audit Department will examine and gathering the facts from concerned parties then reporting directly to CEO and the Audit Committee which consider significant of the comments and propose to the Board of Directors .The company will keep record of the whistleblower confidential.

## 8. Corporate Social Responsibility

The Company 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;

### 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.

### 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.

### AntiCorruption.

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.

### 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.

## Consumer Responsibility

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

## 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.

## 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

## 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.

## Corporate Social Responsibility: CSR

In year 2014, the Company continues to support activities for social benefits; donation of money and goods or corporate with government or private sector through our stores totaling 111 transaction amount 1,347,556.45 Baht as follow;



- Education : Donating 10 televisions to the schools in Roiet, Trad ,Chantaburi ,participating to provide bookcases for 600 schools and supported activities of schools in local areas.
- Religion : Participating inbuilding the templeand religious ceremonies with government sector to maintain the Buddhism.
- Traditional and Local Activities : Co-sponsored in traditional and local activities for cultural traditions conservation and good relationships with the community.
- Helping Disabled and DisadvantagedPersons : A part of raising donations from customers and employees in our stores to the school for the blind in Roiet, by placing donation boxes in our stores which collected donations up to 600,000 Baht. In addition, supported the wheel chairs for the disabled ,the gifts for Disable Person International Day in 2014 , giving the goods or products to repair housing of the poor and disadvantaged person.
- Blood Donation : The Company coordinate with Thai Red Crossand Provincial Hospitalsto provide blood donorsand prepared the places. In 2014 , 602 employees participated which totaling 223,950 cc. of blood. In addition to donating eyes 3 persons and organs 5 persons .



## 9. Internal Control

### The opinion of the Board of Directors

The Board of Directors assigned to the Audit & Risk Management Committee that consist of 3 independent directors who not employees of the Company and their responsibilities for reviewed the accuracy of financial report and effectiveness of internal control system.

The Board of Director meeting 1 / 2015 on 17 February 2015, the directors and the Audit Committee evaluated the adequacy of internal control system. The Board of Directors' opinion that the internal control system was adequate and appropriated to nature of business and accordance with COSO(The Committee of Sponsoring Organization of the Tread way Commission)as follow;

#### 1. Organization and Environment

The committee agreed 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 .

In 2014, the Board of Directors approved the code of conduct manual and published to website and intranet of the Company in order to be guideline for directors executives and staffs to adhere. 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.

#### 2. 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

#### 3. 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.

#### 4. Information Technology and Communication System

The committee agree that the company emphasis on Information Technology. There is development and improvement about operational system for more efficient and support internal control system.

For the communication between executive officers 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.

#### 5. 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

The committee's opinion of the internal control system all 5 components is sufficient , appropriate and provided staffs to perform on internal control to be effective. The management has focused on the understanding of internal control with training on supervisors to optimize the performance.

The Executive Committee assigned to the Account and Financial department to audit and accurate of the Company's assets regularly. In addition, the auditing of financial statements of the year 2014 the certified auditor has no comment about the internal control system.

#### The opinion of Audit and Risk Management Committee.

The Audit and Risk Management Committee agree with the Board of Directors that the internal control system has adequate and appropriate with the Company' business , satisfactory level , acceptable of risk management, accounting system and accuracy of financial reports and complied with the regulations related to the Company's business.

#### Internal Audit Manager

The Audit and Risk Management Committee had appointed Ms.Siriwan Na Nan to be the Internal Audit Manager. She has educated and experienced in internal audit and trained related courses of internal audit. Including also understanding of the Company's operations. As a result, it is appropriate to appoint her to perform such duties.

The Audit and Risk management Committee is responsible for approving the appointment , removal and transfer of the Internal Audit manager.

## 10. 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.

The dividend payment for the year 2009 -2013.

Year	2009	2010	2011	2012	2013
Earnings per share (Baht / Share)	0.4489	0.3772	0.3404	0.3369	0.3437
Dividend per share (Baht / Share)	0.1300	0.5555	0.2222	0.1852	0.1852
Proportion of dividends payment of net profit (%)	34.77	155.03	69.20	68.88	57.56

Note : The earning per share above is basic earnings per share which based on the financial statements of each year, that did not adjust the number of shares of previous years due to increasing of capital for stocks dividend payment

## 11. Related Transactions

In 2014, the Company had significant business transactions with related parties (related by having common shareholding or co –directors), which have been concluded on commercial terms and bases agree upon in the ordinary course of business between the Company and those companies. The Company had related transaction between 2012-2014 as follows;

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2014	2013	2012
<b>1. Inter Concrete Industry Co.,Ltd.</b>				
• 3 co-directors and major shareholder 80.81% of capital register.	Sales	9.32	10.03	13.63
1. Mr.Witoon Suriyawanakul	Account	1.50	0.51	1.41
2. Mr.Anawat Suriyawanakul	Receivable			
3. Mrs.Warunee Suriyawanakul	(As of 31 Dec)			
Audit Committee 's Opinions. : 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-directors	Sales	1.05	0.02	0.06
1. Mr.Anawat Suriyawanakul	Purchase	4.43	-	-
and they are major shareholder 67.60% of capital register	Account	0.02	-	0.02
1. Mr.Witoon Suriyawanakul	Receivable			
2. Mr.Anawat Suriyawanakul	Purchase Assets	16.40	34.06	29.80
3. Mrs.Warunee Suriyawanakul	Account Payable	-	-	9.11
	(As of 31 Dec)			
Audit Committee 's Opinions. : 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>3. Petch Nam Nueng Non- juristic</b>				
1 co-director	Rental	0.24	0.24	0.24
Mrs.WaruneeSuriyawanakul				
Audit Committee 's Opinions. : 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.				



(Unit : Million Baht)

Name of Company / Relationship	Transactions	2014	2013	2012
<b>4. ViboonphanitLtd.,Part</b>				
• 2 co-directors	Purchase	0.08	0.14	0.23
1. Mr. Witoon Suriyawanakul	Account Receivable	-	0.02	0.02
2. Mr. Anawat Suriyawanakul	(As of 31 Dec)			
-and hold share is 15.38%				
Audit Committee 's Opinions. : 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>				
• 2 co-director	Purchase	502.75	351.91	36.55
1. Mr.Pichit Maipum	Account Payable	16.18	8.61	4.60
2. Mr. Aree Chavalitcheewingul	Sale promotion income	15.14	16.02	1.89
	Accrued sale promotion income	3.43	4.34	0.23
	(As of 31 Dec)			
Audit Committee 's Opinions. : 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	Sales	12.39	0.62	1.52
1. Mr.Nithi Patarachoke	Sale promotion income	-	3.45	-
2. Mr.Pichit Maipum	Purchase	87.52	483.50	113.30
	Account Payable	-	-	57.46
	Account Receivable	2.40	2.83	1.63
	(As of 31 Dec)			
Audit Committee 's Opinions. : 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.				

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2014	2013	2012
<b>7. Sosuco and Group (2008)</b>				
• 2 co-directors	Purchase	186.27	171.01	22.75
1. Mr. Aree Chavalitcheewingul	Account Payable	2.62	8.11	15.99
2. Mr.Pichit Maipum	Accrued sale promotion income	3.31	4.62	3.36
	Sale promotion income (As of 31 Dec)	16.36	11.23	0.81
Audit Committee 's Opinions. : 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	Purchase	229.55	202.37	24.50
1. Mr.Aree Chavalitcheewingul	Account Payable	13.54	9.97	14.31
2. Mr.Pichit Maipum	Sale promotion income	17.61	13.70	1.29
	Accrued sale promotion income (As of 31 Dec)	2.42	2.52	2.42
Audit Committee 's Opinions. : 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	Purchase	8.51	7.10	1.21
1. Mr.AreeChavalitcheewingul	Account Payable	1.14	1.05	1.29
2. Mr.PichitMaipum	Sale promotion income	-	0.07	-
	Accrued sale promotion income (As of 31 Dec)	-	0.07	--
Audit Committee 's Opinions. : 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.				

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2014	2013	2012
<b>10. SCG Logistic Management Co., Ltd.</b>				
• 1 co-directors				
Mr. Nithi Patarachoke	Transportation	-	11.25	0.08
	Purchase	13.71	-	-
	Account Payable	1.11	1.41	0.08
	Warehouse Rental	0.54	2.02	-
	Account Payable	-	0.19	-
	Others			
	(As of 31 Dec)			
Audit Committee 's Opinions. : 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>11. SCG Distribution Co.,Ltd.</b>				
• 2 co-directors				
1. Mr. Aree Chavalitcheewingul	Management Fee	12.00	8.00	-
2. Mr. Pichit Maipum	Account Payable	1.07	2.14	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : 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>12. Thai Ceramic Co.,Ltd.</b>				
• 2 co-directors				
1. Mr. Aree Chavalitcheewingul	Purchase	182.61	64.25	-
2. Mr. Pichit Maipum	Account Payable	7.99	17.04	-
	Sale promotion income	1.54	-	-
	Accrued sale promotion income	0.19	-	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : 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.				

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2014	2013	2012
<b>13. Siam Sanitary ware Industry Co.,Ltd.</b>				
• 2 co-directors	Account Payable	5.34	2.87	-
1. Mr. Aree Chavalitcheewingul	Purchase	37.92	6.81	-
2. Mr. Pichit Maipum	Sale promotion income	1.26	-	-
	Accrued sale promotion income (As of 31 Dec)	0.25	-	-
Audit Committee 's Opinions. : 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>14. The Nawaplastic Industries (Saraburi) Co., Ltd.</b>				
• Subsidiaries of The Siam Cement PCL.	Purchase	77.65	79.01	12.33
	Account Payable	4.63	4.06	8.52
	Sale promotion income	0.24	-	-
	Accrued sale promotion income (As of 31 Dec)	0.24	-	-
Audit Committee 's Opinions. : 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>15. Siam Kraft Industry Co.,Ltd.</b>				
• Subsidiaries of The Siam Cement PCL	Other income	0.81	0.87	-
	Account Receivable (As of 31 Dec)	0.06	0.09	-
Audit Committee 's Opinions.: 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.2/2015 on 17 February 2015, 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.

## 12. Management Discussion and Analysis

### Overview of Business Operating Results

The business operation results have grown significantly over the past three years (2012-2014) 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 20 stores in the end of year 2012 to 32 stores in the end of year 2014. Such as Phare, Lampang, Nan, Sukhothai, Ban Pai, Kampan, gpetch Ubonratchathani, Ban Tad (Udonthani), Lopburi, Trad, Chanthaburi and Nongbualamphu respectively.

### Business Operation Results

#### Revenue

The Company's total revenue since 2012 - 2014 has grown from 11,089.93 million Baht in 2012 and 14,736.69 million Baht in 2013 and 16,055.01 million Baht. 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 2012- 2014 were 82.58% , 82.20% and 82.25% respectively. Administrative expenses from 2012- 2014 were 958.63 million Baht , 1,388.42 million Baht and 1,841.62 million Baht respectively, due to increasing of employees and stores that increase from 20 stores in 2012 to 32 stores in 2014.

Since 2008, the company reviewed its' property and building value, to follow of TAS 16 (Revised 2009) Property, Plant and Equipment every 3 years. On 1 January 2014 the Company was revalued of properties, that make the company's depreciation increased around 200.81 million Baht in 2014.

#### Gross Profit Margin and Net Profit Margin

The Company's gross profit margin in 2012-2014 was 14.99% , 15.30% and 15.14% respectively and the net profit margins for the year 2012- 2014 comparing to the revenues of the Company were 5.66% , 6.01 % and 4.37% respectively.

#### Total Assets

The total assets of the Company from 2012- 2014 were 12,013.71 million Baht 16,046.41 million Baht and 21,173.60 million Baht respectively. Significant changes are as follows :

- 1) Cash and cash equivalent as at 31st December 2012 was 117.74 million Baht, as at 31st December 2013 was 162.39 million Baht, and as at 31st December 2014 was 282.55 million Baht.
- 2) Account receivables as at 31st December 2012 was 15.21 million Baht, as at 31st December 2013 was 13.47 million Baht, and as at 31st December 2014 was 18.90 million Baht. Show that, there was the increasing of account receivable in 2012- 2014. 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 2012 was 4,974.85 million Baht , as at 31st December 2013 was 6,663.90 million Baht and as at 31 December 2014 was 7,041.27million Baht. The significant increase in inventory was the result of expansion.
- 4) Land, Building and equipment as at 31st December 2012 was 6,488.26 million Baht, as at 31st December 2013 was 8,607.17 million Baht and as at 31 December 2014 was 13,159.72 million Baht. 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 2012 was 3,109.50 million Baht, as at 31st December 2013 was 5,745.63 million Baht and 31 December 2014 was 7,090.78 million Baht. The debt ratios over the three years were 0.35, 0.56 and 0.50 respectively. In year 2014, the Company issuance debenture amount 3,000 million Baht in order to operating and expanding instead of long term loans from financial institutions.

### Shareholders' Equity

The Company has shareholders' equity as at 31st December 2012 was 8,904.21 million Baht , as at 31st December 2013 was 10,300.78 million Baht and as at 31 December 2014 was 14,082.82 million Baht . In the year 2014 the Company has increase the registered capital amount 3,048,753,544.00 Baht and paid-up capital of 3,048,750,120.00 Baht. In 2014, the Company made net profit from operating of 701.71 million Baht and the Company reserved 35.10 million Baht in compliance with laws. As a result, as at 31 December 2014, the Company has the appropriated retained earnings and in compliance with the laws of 184.18 million Baht and had inappropriate retained earnings of 1,824.97 million Baht, which means the shareholder's equity increased comparing to 2013 approximately by 36.72%

### Factors that may affect the Company's performance in the future.

The key factors that may affect to the Company's performance in the future consist of 4 cases as follow;

#### 1. The fluctuations of the domestic economy.

Currently, the opinion of academics and economic' experts shown the economics of Thailand may be slow down by several factors such political and household debt, that may affect to investment and including the reduction of public spending. During the past, the Company has been monitoring the situation and analyzed

the impact on sales continuously. The Company trust on the strength of financial status of the Company that will support long term plans to expand business cover the country and ASEAN . In addition, the Company is establishing a distribution center in Ayutthaya province. In order to improve supply chain management which enhance the company's profitability in long term.

## 2. The fluctuations of exchange rate

The Company has imported goods for sales and the fluctuation of exchange rates is a key factor in business operation. The monthly executive meeting was tracked economic and financial situation in order to risk assess and impact from exchange rate along with setting of risk prevention continuously.

## 3. Competition in the industry.

The acceleration of expansion of competitors including of new entrepreneurs in business that make higher competition. The Company focus on products presentation about building materials to appropriate for target customers along with the policy "All inclusive for your house". In addition, the Company will continue focus on making a difference of service and knowledge of the staffs in order to retain the customers in long term.

## 4. Human resource recruitment.

The Company is currently in period of expansion to cover the country. The Company realized that the human resources , staff development and maintenance for the long term is importance. The Company has improved training courses and set human resources management policy collaborated with strategic partner "SCG Distribution Co.Ltd." . The Company ensure that be able to recruit and develop staffs to support business expansion.

## Audit Fee

The resolution of Annual General Meeting of shareholders 2014 approved and 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 for the year 2014 .

Transaction	2012	2013	2014
Audit Fee	1,600,000.00	2,000,000.00	2,000,000.00
Non Audit Fee	164,150.00	97,410.00	110,749.99

### 13. 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 2014, the Audit Committee has performed the duty according to the scope of responsibility as stipulated in the charter of the Audit Committee and according to the assignment from the Company's Board of Directors. There were 5 meetings. The Essence of the Work Performed in year 2014:

1. Having considered and review the quarterly financial report of the company and the annual financial statements for the year 2014 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 2014 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 2014 to the Company's Board of Directors for the request for approval from the meeting of shareholders. The candidates are Mr.PisitChewaruangroch , Certified Public Accountant

(Thailand) No. 2803 or Mr. MetheeRatanasrimetha Certified Public Accountant (Thailand) No. 3425 of M&R ASSOCIATES CO.,LTD as the auditors of the Company for the year 2014 and approved the auditor fee of 2,000,000 Baht for the Company's Financial Statements.

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 2014 ,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 2014 , The Audit Committee 2 persons was attended seminar "CG Forum 2/2014:Corporate Governance in the Perspective of Investors" ,that set up by SET to develop and a better understanding of the role of Good Corporate Governance , Internal Controls to be effective.

A handwritten signature in blue ink, consisting of stylized initials and a surname.

(Assoc. Prof. PhornsiriThiwawanwongs)

Chairman of Audit & Risk Management Committee

Siam Global House Public Company Limited

17 February 2015



## 14. 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.&AssociatesCo.,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, 2014.



(Mr. Apisit Rujikeatkamjorn)

Chairman of the Board

Siam Global House Public Company Limited

17 February 2015

# 15

## Board of Directors





**Mr. Apisit Rujikeatkamjorn (69 Years)**

**Position :**

- Chairman / Independent Director  
Appointed as the Director on 26 February 2008

**Education :**

- Master of Engineering , LAMA UNIVERSITY TEXAS
- Bachelor of Engineering Program in Civil Engineering, KhonKaen University

**Training :**

- Director Accreditation Program 21 / 2004 (IOD)
- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 2008 - Now
  - Chairman, Siam Global House PCL.
- 2014 - Now
  - Vice - President, Asia Green Energy, PCL.
  - Chairman , Asia Bio Mass , Co., LTD.
- 2012 – Now
  - Chairman ,Sea Oil, PCL.
- 2011 -Now
  - Chairman, Eco Lighting, Co.,LTD.

**Shareholding :** (None)



**Mr. Witoon Suriyawanakul (56 Years)**

**Position :**

- Director / Executive Director / Nomination and Remuneration Committee / Chief Executive Officer  
Appointed as the Director on 26 February 2008

**Education :**

- Master of Business Administration, KhonKaen University
- Bachelor of Engineering Program in Civil Engineering, KhonKaen University

**Training :**

- Director Accreditation Program 68 / 2008 (IOD)
- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 1997-Now
  - Director / Executive Director/ Nomination and Remuneration Committee/ CEO, Siam Global House PCL.
  - Director, Inter Concrete Industry Co., Ltd. Global Asset Co., Ltd

**Shareholding :** 16.79%



**Mr. Anawat Suriyawanakul (54 Years)**

**Position :**

- Director / Executive Director / Vice CEO- Purchasing Management  
Appointed as the Director on 26 February 2008

**Education :**

- Secondary Education

**Training :**

- Director Accreditation Program 68 / 2008 (IOD)
- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 1997 - Now
  - Director / Executive Director / Vice - CEO Purchasing Management  
Siam Global House PCL.
  - Director  
Siam Global Engineering Co.,Ltd.  
Inter Concrete Industry Co.,Ltd.  
Global Concrete Co.,Ltd.  
Siam Global Asset Co.,Ltd.

**Shareholding : 12.22%**



**Mrs. Warunee Suriyawanakul (54Years)**

**Position :**

- Director / Executive Director / Vice CEO- Human Resource  
Appointed as the Director on 26 February 2008

**Education :**

- Secondary Education

**Training :**

- Director Accreditation Program 68 / 2008 (IOD)
- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 1997 - Now
  - Director / Executive Director / Vice - CEO Human Resource,  
Siam Global House PCL.
  - Director,  
Inter Concrete Industry Co., Ltd.

**Shareholding : 4.76%**



**Mr. Kajohnet Sangsuban (62 Years)**

**Position :**

- Director
- Appointed as the Director on 1 October 2012

**Education :**

- B.Eng. (Civil Engineering), Chulalongkorn University
- Advanced Management Program (AMP) Harvard University USA.

**Training :**

- Director Accreditation Program รุ่นที่ 10 / 2004 (IOD)
- Finance for Non-finance Directors Program 7 / 2003 (IOD)
- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 2012 - Now
  - Director Siam Global House PCL.
- 2010 - Now
  - Chairman Quality Construction PCL.
- 2005 - Now
  - Managing Director SCG Distribution Co.,Ltd.
- 2003 - Now
  - Director The Siam Ceramic Group Industry Co.,Ltd.
  - Director Sосуco Ceramic Co.,Ltd.
- 2002 - Now
  - Director Ceramic Cement Thai Co.,Ltd.
- 2001 - Now
  - Director Thai Ceramic Co.,Ltd.

**Shareholding :** (None)



**Mr. Nithi Patarachoke (51 Years)**

**Position :**

- Director / Executive Director
- Appointed as the Director on 10 October 2012

**Education :**

- Master of Finance and Operations Management University of Chicago, USA
- Bachelor of Engineering Chulalongkorn University
- Advanced Management Program (AMP) Harvard University, USA

**Training :**

- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 2012 - Now
  - Director / Executive Director Siam Global House PCL.
- 2006 - Now
  - Vice - President, Thailand Management Association
- 2010 - 2013
  - Managing Director SCG Logistic Management Co., LTD.
- 2005 - 2010
  - Director - Corporate Planning Division, The Siam Cement PCL.

**Shareholding :** (None)



**Mr. Aree Chavalitcheewingul (51 Years)**

**Position :**

- Director
- Appointed as the Director on 7 November 2014

**Education :**

- M.Eng (Industrial Engineering and Management)  
Asian Institute of Technology
- B.Eng (Electrical Engineering, Honors) Chiang Mai University
- Advanced Management Program (AMP) Harvard University USA

**Training :**

- Training in 2014 (None)

**The Brief Working Experience in 5 years.**

- 2014 - Now
  - Director, Siam Global House PCL.
- 2011 - Now
  - Director, Quality Construction PCL.
- 2008 - Now
  - Director, Thai-German Ceramic Industry PCL.
- 2555
  - Vice-President, SCG Building Materials Co., Ltd.
- 2554 - 2555
  - Director, Thai Plastic and Chemicals PCL.

**Shareholding : (None)**



**Assoc. Prof. Phonsiri Thiwawanwong (62Years)**

**Position :**

- Director / Independent Director / Chairman of Audit & Risk Management Committee
- Appointed as the Director on 26 February 2008

**Education :**

- M.B.A. (Finance) University of Wisconsin at Madison U.S.A.
- Bachelor of Accountancy (First-Class Honors with Gold Medal Award), Faculty of Commerce and Accountancy, Chulalongkorn University

**Training :**

- Director Accreditation Program 17 / 2002 (IOD)
- Training in 2014 : 1 Course
  - CG Forum 2 / 2014 : Corporate Governance in the Perspective of Investors (SET)

**The Brief Working Experience in 5 years.**

- 2008 - Now
  - Director / Independent Director / Chairman of Audit & Risk Management Committee Siam Global House PCL.
- 2005 - 2007
  - Dean of ASEAN University
  - Managing Director for Masters Student of Marketing Management Department, Mahidol University

**Shareholding : (None)**





**Mr. Pornsak Sakpanpanom (67 Years)**

**Position :**

- Director / Independent Director / Audit & Risk Management Committee / Chairman of Nomination & Remuneration Committee  
Appointed as the Director on 4 April 2013

**Education :**

- Mater Degree of Thai Barrister at Law, The Thai Bar Institute.
- Bachelor of Laws (Honors), Thammasat University

**Training :**

- Training in 2014 : 2 Courses
  - Director Accreditation Program 111 / 2014 (IOD)
  - CG Forum 2 / 2014 : Corporate Governance in the Perspective of Investors (SET)

**The Brief Working Experience in 5 years.**

- 2013 - Now
  - Director / Independent Director / Audit & Risk Management Committee / Chairman of Nomination & Remuneration Committee  
Siam Global House PCL.
- 2009 - Now
  - Director, Siam Apiwat Co.,Ltd.

**Shareholding :** (None)



**Mr. Surasak Chanthori (56 Years)**

**Position :**

- Director / Independent Director / Audit & Risk Management Committee / Nomination & Remuneration Committee  
Appointed as the Director on 26 February 2008

**Education :**

- Master of Business Administration, KhonKaen University
- Bachelor of Engineering Program in Industrial Engineering, KhonKaen University

**Training :**

- Director Accreditation Program 68 / 2008 (IOD)
- Training in 2014 : (None)

**The Brief Working Experience in 5 years.**

- 2008 - Now
  - Director/ Independent Director / Audit & Risk Management Committee / Nomination & Remuneration Committee
- 1996 - Now
  - Managing Director  
Fiber House Products and Service Co. ,Ltd

**Shareholding :** (None)

### รายละเอียดเกี่ยวกับผู้บริหาร

**Mr. Yutthana Suriyawanakul (44Years)**

**Position :**

- Vice CEO -Imported Products

**Education :**

- Master of Business Administration, Texas University
- Bachelor of Engineering Program in Industrial Engineering, KasetsartUniversity
- Director Accreditation Program 68 / 2008 (IOD)

**The Brief Working Experience in 5 years.**

- 2012 - Now
  - Vice CEO - Imported Products Siam Global House PCL.
- 2008 - 2012
  - Director / Executive Director Siam Global House PCL.

**Shareholding : 0.04 %**

**Ms. Chutikan Srisaengchan (45Years)**

**Position :**

- Vice CEO - Accounting & Financial

**Education :**

- Master of Business Administration, KhonKaen University
- Bachelor of Accountancy, Thammasat University
- Director Accreditation Program 68 / 2008 (IOD)

**The Brief Working Experience in 5 years.**

- 2012 - Now
  - Vice CEO – Accounting & Financial Siam Global House PCL.
- 2008 – 2012
  - Director / Executive Director Siam Global House PCL.

**Shareholding : 0.03 %**

**Mr. Nampol Malichai (43 Years)****Position :**

- Vice CEO - Business Development

**Education :**

- Master of Business Administration, KhonKaen University
- Bachelor of Business Administration, Bangkok University

**The Brief Working Experience in 5 years.**

- 2012 - Now
  - Vice CEO – Business Development Siam Global House PCL.
- 2010 - 2012
  - Managing Director SCG Landscape Co.,Ltd.
- 2006 – 2010
  - Vice President Mariwasa Siam Ceramic Co.,Ltd.

**Shareholding : 0.00 %**



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## Financial Statement 2014



# SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Financial Statements

For the Year Ended December 31, 2014

and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

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

I have audited the accompanying financial statements of Siam Global House Public Company Limited, which comprise the statement of financial position as at December 31, 2014, 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

(Mr. Pisit Chiwaruangroch)

Certified Public Accountant

Registration No. 2803

M.R. & ASSOCIATES CO., LTD.

Bangkok

February 17, 2015

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

## ASSETS

		In Baht	
	Note	2014	2013
CURRENT ASSETS			
Cash and cash equivalents		282,545,041	162,392,520
Temporary investments		11,864	60,000
Trade accounts receivable			
- Related parties	4	4,001,276	3,464,447
- Others	5	14,900,871	10,003,971
Merchandises	6	7,041,265,186	6,663,896,274
Other current assets	4, 7	575,171,713	580,060,157
Total current assets		7,917,895,951	7,419,877,369
NON-CURRENT ASSETS			
Deposits at financial institutions under pledge		278,862	278,649
Property, plant and equipment	4, 8, 12	13,159,721,600	8,607,168,849
Deferred tax assets	9	9,743,187	10,550,152
Leasehold rights	10	72,329,312	-
Other non-current assets			
- Computer software	11	10,367,988	5,353,717
- Others		3,264,175	3,176,985
Total non-current assets		13,255,705,124	8,626,528,352
TOTAL ASSETS		21,173,601,075	16,046,405,721

The accompanying notes are an integral part of these financial statements.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

## LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht	
	Note	2014	2013
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans			
from financial institutions	12	1,218,582,781	3,466,485,469
Trade accounts payable			
- Related parties	4	53,307,254	53,913,223
- Others		1,429,479,099	1,604,940,979
Current portion of finance lease liabilities		-	3,001,274
Current portion of accrued rental expenses	10	2,569,916	-
Income tax payable		97,220,676	93,600,113
Accrued expenses and other current liabilities	4, 13	172,668,220	148,089,109
<b>Total current liabilities</b>		<b>2,973,827,946</b>	<b>5,370,030,167</b>
<b>NON-CURRENT LIABILITIES</b>			
Debentures	14	3,000,000,000	-
Accrued rental expenses	10	778,128	-
Deferred tax liabilities	9	1,072,620,455	343,942,182
Liability for post-employment benefits	15	43,557,639	31,650,615
<b>Total non-current liabilities</b>		<b>4,116,956,222</b>	<b>375,592,797</b>
<b>Total liabilities</b>		<b>7,090,784,168</b>	<b>5,745,622,964</b>

The accompanying notes are an integral part of these financial statements.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

## LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht	
	Note	2014	2013
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital	16	3,048,753,544	2,613,333,247
Issued and paid-up share capital	16	3,048,750,120	2,613,217,324
Share premium	17	4,739,295,827	4,739,295,827
Retained earnings			
Appropriated for legal reserve	18	184,182,751	149,082,751
Unappropriated		1,824,971,552	1,428,945,138
Other components of shareholders' equity		4,285,616,657	1,370,241,717
Total shareholders' equity		14,082,816,907	10,300,782,757
TOTAL LIABILITIES AND			
SHAREHOLDERS' EQUITY		21,173,601,075	16,046,405,721

The accompanying notes are an integral part of these financial statements.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

		In Baht	
	Note	2014	2013
<b>REVENUES</b>	4		
Net sales		15,560,853,662	14,302,442,628
Other income		494,155,786	434,246,982
<b>Total revenues</b>		<b>16,055,009,448</b>	<b>14,736,689,610</b>
<b>EXPENSES</b>	19		
Cost of goods sold	4	13,205,140,214	12,113,494,255
Selling expenses		715,424,614	589,283,359
Administrative expenses	4	1,126,191,133	799,139,794
Finance costs		133,027,701	70,969,039
Loss (gain) on exchange rate		(2,218,217)	56,693,918
<b>Total expenses</b>		<b>15,177,565,445</b>	<b>13,629,580,365</b>
<b>Profit before Income Tax</b>		<b>877,444,003</b>	<b>1,107,109,245</b>
<b>Income Tax Expense</b>	9	<b>175,734,094</b>	<b>222,088,846</b>
<b>PROFIT FOR THE YEAR</b>		<b>701,709,909</b>	<b>885,020,399</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation of property, plant and equipment	8	3,128,719,446	-
Gain on remeasurement of investments		345,658	-
<b>Other comprehensive income for the year</b>		<b>3,129,065,104</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR</b>		<b>3,830,775,013</b>	<b>885,020,399</b>
<b>Earnings per Share</b>	20		
Basic		0.2302	0.2940
Diluted		0.2302	0.2912

The accompanying notes are an integral part of these financial statements.

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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				
<b>Balance as at January 1, 2013</b>		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	16	358,610,790	-	-	(358,610,790)	-	-	-		-	
Dividends	16	-	-	-	(39,846,949)	-	-	-		(39,846,949)	
Proceeds from shares issued	16	102,934,750	448,486,706	-	-	-	-	-		551,421,456	
Appropriation for legal reserve	18	-	-	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>	

The accompanying notes are an integral part of these financial statements.



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

		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, 2014</b>	2,613,217,324	4,739,295,827	149,082,751	1,428,945,138	1,370,241,717	-	1,370,241,717	10,300,782,757
Profit for the year	-	-	-	701,709,909	-	-	-	701,709,909
Other comprehensive income for the year	-	-	-	-	3,128,719,446	345,658	3,129,065,104	3,129,065,104
Total comprehensive income for the year	-	-	-	701,709,909	3,128,719,446	345,658	3,129,065,104	3,830,775,013
Sale of investments	-	-	-	-	-	(345,448)	(345,448)	(345,448)
Stock dividends	435,532,796	-	-	(435,532,796)	-	-	-	-
Dividends	-	-	-	(48,395,415)	-	-	-	(48,395,415)
Appropriation for legal reserve	-	-	35,100,000	(35,100,000)	-	-	-	-
Transfer to retained earnings	-	-	-	213,344,716	(213,344,716)	-	(213,344,716)	-
<b>Balance as at December 31, 2014</b>	<b>3,048,750,120</b>	<b>4,739,295,827</b>	<b>184,182,751</b>	<b>1,824,971,552</b>	<b>4,285,616,447</b>	<b>210</b>	<b>4,285,616,657</b>	<b>14,082,816,907</b>

The accompanying notes are an integral part of these financial statements.

บริษัท สยามโกลบอลเฮ้าส์ จำกัด (มหาชน)

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	In Baht	
	2014	2013
<b>Cash flows from operating activities</b>		
Profit for the year	701,709,909	885,020,399
Adjustments for		
Depreciation and amortization	683,239,910	384,069,962
Expenses for post-employment benefits	11,907,024	16,069,751
Reversal of loss on revaluation of property	(21,040,173)	-
Interest income	(2,189,940)	(1,424,896)
Interest expense	132,087,453	69,745,909
Increase (decrease) in allowance for doubtful accounts	1,750,274	(84,591)
Unrealized loss (gain) on exchange rate	(1,345,216)	31,857,392
Gain on sale of investments	(1,111,654)	(18,587)
Gain on sale of fixed assets	(19,131)	(1,023,316)
Income from insurance claim	(2,603,717)	-
Income tax expense	175,734,094	222,088,846
	<u>1,678,118,833</u>	<u>1,606,300,869</u>
<b>Changes in operating assets and liabilities</b>		
Trade accounts receivable	(5,494,578)	1,827,496
Merchandises	(377,840,765)	(1,689,046,286)
Other current assets	9,315,185	(175,175,451)
Deposits at financial institutions under pledge	(213)	(326)
Other non-current assets	(87,190)	(129,673)
Trade accounts payable	(152,334,462)	(558,054,173)
Accrued expenses and other current liabilities	10,004,474	40,838,414
Income tax paid	(224,808,154)	(251,692,788)
<b>Net cash provided by (used in) operating activities</b>	<u>936,873,130</u>	<u>(1,025,131,918)</u>

The accompanying notes are an integral part of these financial statements.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	In Baht	
	2014	2013
<b>Cash flows from investing activities</b>		
Interest received	2,189,940	1,424,896
Increase in temporary investments	(540,000,000)	(60,000)
Proceeds from sale of investments	541,160,000	160,605
Proceeds from sale of equipment	86,468	2,975,198
Increase in property, plant and equipment	(1,349,528,287)	(2,489,212,601)
Increase in computer software	(9,688,946)	(3,488,731)
Increase in leasehold rights	(73,493,446)	-
<b>Net cash used in investing activities</b>	<b>(1,429,274,271)</b>	<b>(2,488,200,633)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(91,386,833)	(68,527,244)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(2,244,662,816)	3,173,518,016
Issuances of debentures	3,000,000,000	-
Repayment of finance lease liabilities	(3,001,274)	(4,320,791)
Expenses relating to capital increase	-	(54,256,209)
Proceeds from warrants exercised	-	551,421,456
Dividends	(48,395,415)	(39,846,949)
<b>Net cash provided by financing activities</b>	<b>612,553,662</b>	<b>3,557,988,279</b>
<b>Net increase in cash and cash equivalents</b>	<b>120,152,521</b>	<b>1,069,787,646</b>
Cash and cash equivalents at beginning of year	1,187,524,438	117,736,792
<b>Cash and cash equivalents at end of year</b>	<b>1,307,676,959</b>	<b>1,187,524,438</b>
<b>Non-cash transaction</b>		
Purchases of property, plant and equipment for which no cash has been paid	29,345,906	77,751,488
Stock dividends	435,532,796	358,610,790

The accompanying notes are an integral part of these financial statements.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements

December 31, 2014 and 2013

**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, 2014, the Company has a total of 31 branches operating in other provinces (December 31, 2013: 26 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.

Revision and issuance of new accounting standards, financial reporting standards, and interpretations

The Federation of Accounting Professions (“FAP”) issued several Notifications which were announced in the Royal Gazette during 2013 and 2014, regarding the revision and issuance of new Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC) with the effective periods as follows:

**a) Effective for the accounting period beginning on or after January 1, 2014 :**

TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investment in Associates
TAS 31 (revised 2012)	Interest in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Disclosure - Service Concession Arrangements
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

**b) Effective for the accounting period beginning on or after January 1, 2016 :**

TFRS 4                                      Insurance Contracts

Adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Company.

However, FAP has additionally issued several Notifications which were announced in the Royal Gazette during 2014 and 2015, regarding the revision and issuance of new TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2015 whereby the Company has not yet adopted in the preparation of the accompanying financial statements and have no policy to early adopt before the effective period, which are as follows :

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 4 (revised 2014)	Insurance Contracts
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Management of the Company has preliminarily assessed and believed that there will be no material effect to the financial statements of the Company upon adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC.

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.

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

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

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

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.

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

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.

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

**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.

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

Notes to the financial statements (Continued)

December 31, 2014 and 2013

**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.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 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	
		2014	2013
The Siam Cement Public Company Limited	Parent company of SCG Distribution Co., Ltd.	-	-
SCG Distribution Co., Ltd.	Major shareholder	30	30
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	-	-



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

Company and party	Relationships	Percentage of Holding	
		2014	2013
Global Concrete Co., Ltd.	Co-shareholders and director	-	-
Siam Global Engineering Co., Ltd.	Co-shareholders and director	-	-
Siam Global Asset Co., Ltd.	Co-shareholders and director	-	-
Wiboon Panich Roi-Et Partnership Ltd.	Co-shareholders and director	-	-
Inter Concrete Industry Co., Ltd.	Co-shareholders and director	-	-
Petch Nam Nueng Non-juristic body of persons (by Khun Warunee Suriyawanakul)*	-	-	-
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company.	-	-

\* Represents the Company's shareholder and director

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

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
Other income	Agreed price
Purchase of merchandises	Market prices
Management fee expense	Agreed price
Rental expense	Negotiated agreement
Purchase of fixed assets	Market price

Significant transactions for the years ended December 31, 2014 and 2013 with related parties were as follows :

	In Thousand Baht	
	2014	2013
<b>Revenue from sales of goods</b>		
SCG Sourcing Co., Ltd.	12,391	617
Inter Concrete Industry Co., Ltd.	9,317	10,029
Others	2,116	495
<b>Total</b>	<b>23,824</b>	<b>11,141</b>
<b>Sale promotion income</b>		
Thai-German Ceramic Industry Public Company Limited	17,614	13,696
Tip Fibre-Cement Co., Ltd.	15,140	16,023
Others	19,400	14,674
<b>Total</b>	<b>52,154</b>	<b>44,393</b>
<b>Other income</b>		
Siam Kraft Industry Co., Ltd.	806	875
Others	416	22
<b>Total</b>	<b>1,222</b>	<b>897</b>

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

	In Thousand Baht	
	2014	2013
<b>Purchase of merchandises</b>		
Tip Fibre-Cement Co., Ltd.	502,747	351,913
Thai-German Ceramic Industry Public Company Limited	229,552	202,368
Sosuco and group (2008) Co., Ltd.	186,270	171,008
Thai Ceramic Co., Ltd.	182,613	64,252
SCG Sourcing Co., Ltd.	87,515	483,497
The Nawaplastic Industries (Saraburi) Co., Ltd.	77,648	79,014
Others	74,845	30,389
Total	1,341,190	1,382,441

	In Thousand Baht	
	2014	2013
<b>Management fee expense</b>		
SCG Distribution Co., Ltd.	12,000	8,000
SCG Logistics Management Co., Ltd.	539	2,024
Total	12,539	10,024

**Rental expense**

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

Siam Global Engineering Co., Ltd.	16,399	34,061
Others	1,869	-
Total	18,268	34,061

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

**Remuneration of key management**

Short-term benefit		
Salary, bonus and others		
- employment management	28,623	28,494
- non-employment management	2,400	2,118
Meeting remuneration	1,760	1,775
Total short-term benefits	32,783	32,387
Expenses for post-employment benefits	1,748	4,472
Total	34,531	36,859

Balances as at December 31, 2014 and 2013 with related parties were as follows:

	In Thousand Baht	
	2014	2013
<b>Trade accounts receivable</b>		
SCG Sourcing Co., Ltd.	2,404	2,829
Inter Concrete Industry Co., Ltd.	1,504	512
Others	93	123
Total	4,001	3,464

The trade accounts receivable are aged as follows:

	In Thousand Baht	
	2014	2013
Current	3,520	3,440
Overdue:		
- Not over 3 months	481	24
Total	4,001	3,464

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

	In Thousand Baht	
	2014	2013
<b>Accrued sale promotion income</b> (included in “Other current assets”)		
Tip Fibre-Cement Co., Ltd.	3,429	4,342
Sosuco and group (2008) Co., Ltd.	3,307	4,619
Others	3,093	2,586
Total	9,829	11,547

	In Thousand Baht	
	2014	2013
<b>Trade accounts payable</b>		
Tip Fibre-Cement Co., Ltd.	16,183	8,607
Thai-German Ceramic Industry Public Company Limited	13,540	9,972
Thai Ceramic Co., Ltd.	7,996	17,042
Siam Sanitary Ware Industry Co., Ltd.	5,339	2,871
Sosuco and group (2008) Co., Ltd.	2,619	8,111
Others	7,630	7,310
Total	53,307	53,913

	In Thousand Baht	
	2014	2013
<b>Other account payable</b> (included in “Accrued expenses and other Current liabilities”)		
SCG Distribution Co., Ltd.	1,070	2,140
SCG Logistics Management Co., Ltd.	-	192
Total	1,070	2,332

**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.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 5. TRADE ACCOUNTS RECEIVABLE - OTHERS

As at December 31, 2014 and 2013, the Company had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht	
	2014	2013
Current	8,723	8,206
Overdue:		
- Not over 3 months	4,522	1,552
- Over 3 months to 6 months	1,089	306
- Over 6 months to 12 months	567	-
- Over 12 months	121	-
Total	15,022	10,064
Less allowance for doubtful accounts	(121)	(60)
Net	14,901	10,004

## 6. MERCHANDISES

	In Thousand Baht	
	2014	2013
Merchandises	6,959,895	6,634,223
Goods in-transit	81,370	29,673
Total	7,041,265	6,663,896

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 7. OTHER CURRENT ASSETS

	In Thousand Baht	
	2014	2013
Value added tax receivables	359,338	349,959
Accrued sale promotion income	163,000	156,364
Deposits for purchase of merchandises	24,783	33,031
Input value added tax	3,591	18,238
Others	24,460	22,468
Total	575,172	580,060



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 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, 2013	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
Additions	677,392	3,083	52,934	28,987	540,459	-
Revaluation surplus	2,089,381	2,311,953	-	-	-	247,256
Reverse of loss on devaluation of assets	20,724	-	-	-	-	316
Transfers – net	162,203	517,915	111,309	-	(791,487)	-
Disposals	-	(4,132)	(520)	-	-	-
Balance as at December 31, 2014	7,000,536	6,159,247	974,422	219,727	293,993	1,453,652
						16,101,577

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

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, 2013	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
Depreciation charge for the year	40,079	198,482	143,468	28,633	-	904	411,566
Increase in depreciation on revaluation of assets	39,538	225,932	-	-	-	1,211	266,681
Depreciation surplus	242,668	492,280	-	-	-	2,743	737,691
Disposals	-	(265)	(453)	-	-	-	(718)
Balance as at December 31, 2014	468,847	1,796,470	531,533	128,207	-	16,798	2,941,855
Net book value							
At December 31, 2013	3,904,274	2,450,387	422,181	91,166	545,021	1,194,140	8,607,169
At December 31, 2014	6,531,689	4,362,777	442,889	91,520	293,993	1,436,854	13,159,722

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2014 and 2013 amounted to Baht 359.3 million and Baht 337.7 million, respectively.

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 February 2014, using the Market Approach for land, Replacement Cost for land improvements, buildings and building improvements and Market Approach and Replacement Cost for assets for future development.

The revaluation increment of land and land improvements, buildings and building improvements and assets for future development totaling increase Baht 3,910.9 million and a decrease in an impairment loss on revalued assets that previously was recognized as an expense amounting to Baht 21 million. The Company recorded the revaluation increment of assets amounting to Baht 3,128.7 million (net of income tax expense amounting to Baht 782.2 million) in other comprehensive income and recorded reversal of loss on devaluation of assets amounting to Baht 21 million as part of "Other income" in profit or loss.

## Revaluation surplus on property

	In Thousand Baht		
	Revaluation surplus on property	Tax expense	Net
At January 1, 2013	1,778,677	(355,736)	1,422,941
Transfer to retained earnings	(65,875)	13,175	(52,700)
At December 31, 2013	1,712,802	(342,561)	1,370,241
Addition during the year	3,910,899	(782,180)	3,128,719
Transfer to retained earnings	(266,680)	53,336	(213,344)
At December 31, 2014	5,357,021	(1,071,405)	4,285,616

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 9. INCOME TAX

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

	In Thousand Baht					
	At January 1, 2013	Recognized in profit or loss	At December 31, 2013	Recognized in profit or loss	Comprehensive income	At December 31, 2014
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	29	(17)	12	350	-	362
Allowance for impairment loss on land	4,208	-	4,208	(4,208)	-	-
Employee benefits	3,116	3,214	6,330	2,381	-	8,711
Leasehold rights	-	-	-	670	-	670
Total	<u>7,353</u>	<u>3,197</u>	<u>10,550</u>	<u>(807)</u>	<u>-</u>	<u>9,743</u>
<b>Deferred tax liabilities</b>						
Revaluation surplus						
on property	355,736	(13,175)	342,561	(53,336)	782,180	1,071,405
Taxable depreciation over book depreciation	<u>1,547</u>	<u>(166)</u>	<u>1,381</u>	<u>(166)</u>	<u>-</u>	<u>1,215</u>
Total	<u>357,283</u>	<u>(13,341)</u>	<u>343,942</u>	<u>(53,502)</u>	<u>782,180</u>	<u>1,072,620</u>
Net		<u>16,538</u>		<u>52,695</u>	<u>(782,180)</u>	

Income tax expense

	In Thousand Baht	
	2014	2013
Income tax expense	228,429	238,627
Movement in temporary difference	(52,695)	(16,538)
Net	<u>175,734</u>	<u>222,089</u>
Reconciliation of income tax expense		
Profit before income tax	<u>877,444</u>	<u>1,107,109</u>
Income tax using the corporate tax rate (20% in 2014 and 2013)	175,489	221,422
Others	245	667
Total	<u>175,734</u>	<u>222,089</u>

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 10. LEASEHOLD RIGHTS AND ACCRUED RENTAL EXPENSES

The Company entered into land rental agreements with third parties for period 30 years up to July 2044.

	In Thousand Baht	
	2014	2013
<b>Leasehold rights</b>		
Leasehold rights paid to landlord	56,815	-
Land improvement paid to third party	16,678	-
Total	73,493	-
Less accumulated amortization	(1,164)	-
Net	72,329	-
<b>Accrued rental expenses</b>		
Rental expenses	3,348	-
Rental paid	-	-
Net	3,348	-
<b>Shown under</b>		
Current liabilities	2,570	-
Non-current liabilities	778	-
Total	3,348	-
<b>Non-cancellable operating lease commitments</b>		
Within 1 year	2,570	-
After 1 year but within 5 years	19,179	-
Over 5 years	148,697	-
Total	170,446	-

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 11. COMPUTER SOFTWARE

In Thousand Baht			
	Computer software	Computer software under installation	Total
Cost			
Balance as at January 1, 2013	6,673	-	6,673
Additions	1,488	2,001	3,489
Balance as at December 31, 2013	8,161	2,001	10,162
Additions	8,472	1,217	9,689
Transfer	1,828	(1,828)	-
Balance as at December 31, 2014	18,461	1,390	19,851
Accumulated amortization			
Balance as at January 1, 2013	3,171	-	3,171
Amortization charge for the year	1,637	-	1,637
Balance as at December 31, 2013	4,808	-	4,808
Amortization charge for the year	4,675	-	4,675
Balance as at December 31, 2014	9,483	-	9,483

In Thousand Baht			
	Computer software	Computer software under installation	Total
Net book value			
At December 31, 2013	3,353	2,001	5,354
At December 31, 2014	8,978	1,390	10,368

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

**12. CREDIT FACILITIES**

As at December 31, 2014, the Company has agreement with local financial institutions for the following credit facilities:

	In Thousand Baht
Short-term loan	5,790,000
Bank overdraft	120,000
Letter of credit and trust receipts	2,820,000
Forward contract	2,600,000
Letter of guarantee	19,150
Total	11,349,150

The credit facilities are secured by mortgage certain part of the Company's land and structures.

**Bank overdrafts and short-term loans from financial institutions**

	In Thousand Baht	
	2014	2013
Bank overdrafts	-	41
Trust receipts	418,583	776,444
Short-term loans from financial institutions	800,000	2,690,000
Total	1,218,583	3,466,485

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest ranging from 2.6% to 3.1% per annum in 2014 and MLR - 2% to MLR per annum in 2013.



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

**13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	In Thousand Baht	
	2014	2013
Accrued bonus	47,247	45,628
Accrued interest expense	42,038	1,337
Accrued expenses	40,951	64,873
Deposits received in advance	24,258	21,339
Other account payable	1,070	2,332
Others	17,104	12,580
Total	172,668	148,089

**14. DEBENTURES**

On February 27, 2014, the Company issued a series of debentures to specific investors amounting to Baht 3,000 million (divided into 3,000,000 units at Baht 1,000 per unit) and bears interest at 3.85% p.a. with maturity in 2017. Interest is payable semi-annually.

Latest price (fair value) as at December 31, 2014 is Baht 1,021 per unit.

Under the condition of the issuances of debentures, the Company has to comply with the specified condition by maintain Net Debt to Equity Ratio at the rate not exceeding 2:1.

**15. 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, 2014 and 2013 amounted to Baht 1.1 million each.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

Movements of liability for post-employment benefits for the years ended December 31, 2014 and 2013 are as follows :

	In Thousand Baht	
	2014	2013
Liability for post-employment benefits as at January 1,	31,651	15,581
Current service cost	9,854	7,187
Interest cost	1,523	849
Past service cost	1,096	1,096
Actuarial loss (gain)	(566)	6,938
Expense recognized in profit or loss	11,907	16,070
Employee benefits paid during the year	-	-
Liability for post-employment benefits as at December 31,	43,558	31,651

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

- Discount rate 4% per annum in 2014 and 2013
- 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)

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 16. SHARE CAPITAL, DIVIDENDS AND WARRANTS

## Share capital

	In Baht Par value	In Thousand Shares / In Thousand Baht			
		2014		2013	
		Number	Amount	Number	Amount
Authorized					
At January 1,					
- ordinary shares	1	2,613,333	2,613,333	2,240,000	2,240,000
Decrease	1	(116)	(116)	-	-
Increase	1	435,537	435,537	373,333	373,333
At December 31,					
- ordinary shares	1	3,048,754	3,048,754	2,613,333	2,613,333
Issued and fully paid-up					
At January 1,					
- ordinary shares		2,613,217	2,613,217	2,151,672	2,151,672
Stock dividend		435,533	435,533	358,610	358,610
Exercise of warrants		-	-	102,935	102,935
At December 31,					
- ordinary shares		3,048,750	3,048,750	2,613,217	2,613,217

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.

At the annual general meeting of the shareholders of the Company held on April 9, 2014, the shareholders passed the following resolutions:

a) decrease authorized share capital from Baht 2,613,333,247 (2,613,333,247 ordinary shares at Baht 1 par value) to Baht 2,613,217,324 (2,613,217,324 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on April 22, 2014;

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

### Notes to the financial statements (Continued)

December 31, 2014 and 2013

b) increase authorized share capital from Baht 2,613,217,324 (2,613,217,324 ordinary shares at Baht 1 par value) to Baht 3,048,753,544 (3,048,753,544 ordinary shares at Baht 1 par value). The 435.5 million new ordinary shares will be reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on April 24, 2014.

### Dividends

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 were 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.

At the annual general meeting of the shareholders of the Company held on April 9, 2014, the shareholders approved the appropriation of dividends of Baht 0.18 per share, amounting to Baht 483.9 million, from the net profit of 2013. The dividends were paid by stock dividends on the basis of 6 ordinary shares for 1 stock dividend amounting to Baht 435.5 million (435.5 million ordinary shares at Baht 1 par value) and cash dividend of Baht 48.4 million on April 29, 2014. The Company registered the increase in paid-up share capital with the Ministry of Commerce on April 29, 2014.

### Warrants

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.

## 17. 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.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

**18. 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.

**19. EXPENSES BY NATURE**

Significant expenses by nature are as follows:

	In Thousand Baht	
	2014	2013
Changes in merchandises	(377,369)	(1,689,046)
Purchase of merchandises	13,279,351	13,459,812
Employee costs	738,150	619,007
Depreciation and amortization	683,240	384,070
Finance costs	133,028	70,969
Utility expenses	99,145	85,153
Marketing, advertising and sale promotion expenses	74,368	62,687
Management remuneration	34,531	36,859
Loss (gain) on exchange rate	(2,218)	56,694

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

## 20. EARNINGS PER SHARE

## Basic earnings per share

Basic earnings per share for the years ended December 31, 2014 and 2013 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, 358.61 million shares on May 3, 2013, and 435.53 million shares on April 29, 2014. 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	
	2014	2013
Profit for the year	701,717	885,020
Number of ordinary shares outstanding at January 1,	3,048,750	2,945,815
Effective of conversion shares and issue of new shares	-	64,581
Weighted average number of ordinary shares		
outstanding (basic)	3,048,750	3,010,396
Earnings per share (basic) (Baht)	0.2302	0.2940

## Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2014 and 2013 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, 358.61 million shares on May 3, 2013, and 435.53 million shares on April 29, 2014. 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 :

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

	In Thousand Baht / In Thousand Shares	
	2014	2013
Profit for the year	701,717	885,020
Number of ordinary shares outstanding (basic)	3,048,750	3,010,396
Effective of exercise of warrants	-	29,107
Number of ordinary shares outstanding (diluted)	3,048,750	3,039,503
Earnings per share (diluted) (Baht)	0.2302	0.2912

**21. PROVIDENT FUNDS**

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

**22. FINANCIAL INSTRUMENTS****Financial risk management policies**

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

**Foreign currency risk**

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

As at December 31, 2014, the Company has an outstanding balance of short-term forward purchase contract of U.S. Dollars 9.0 million (equivalent to Baht 297.7 million). The above contract matures in July 2015. The outstanding unhedge foreign currency liabilities due within one year amounted to U.S. Dollars 1.4 million.

Management believes that said foreign currency risk is minimal.



**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2014 and 2013

**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.

Fair value of debenture is presented in Note 14.

**23. COMMITMENTS**

As at December 31, 2014, the Company had:

- a) commitment to purchase land from third parties amounting to Baht 202.2 million, and
- b) unused letters of credit totaling U.S. Dollars 7.4 million (equivalent to Baht 246.6 million).

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2014 and 2013

**24. EVENT AFTER THE REPORTING PERIOD**

At the Board of Directors' meeting held on February 17, 2015, the Board of Directors passed the resolution to pay the dividend for the 2014 operations totaling Baht 483.9 million to the shareholders. The dividend will be paid by stock dividends on the basis of 7 ordinary shares for 1 stock dividend amounting to Baht 435.5 million (435.5 million ordinary shares at Baht 1 par value) and cash dividend of Baht 48.4 million. The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2015.

**25. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for dissemination by the Company's directors on February 17, 2015.

## 17. Other References

Regulator	:	The Securities and Exchange Commission
Address	:	333 / 3 Vibhadi- Rangsit Road, Chomphon ,Chatuchak Bangkok 10900
Telephone	:	02 - 695 - 9999
Fax	:	02 - 695 - 9660
Regulator	:	The Stock Exchange of Thailand
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
Share Registrar	:	Thailand Securities Depository Company Limited
Address	:	62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey Bangkok 10110
Telephone	:	02 - 229 - 2800
Fax	:	02 - 359 - 1259
Auditor	:	M.R.& ASSOCIATES Co.,LTD
Address	:	705 - 706 Chaopaya Tower 89 ,SoiWatSuanPlue , Charoenkrung Road, Bangrak, Bangkok 10500
Telephone	:	02 - 630- 7500
Fax	:	02 - 630 - 7506
Bond Registrar	:	The Debenture of Siam Global House PCL. 1 / 2014
Address	:	Krung Thai Bank Plc. 35 Sukhumwit Rd., North Klongtoey, Wattana, Bangkok 10110
Telephone	:	02 - 298 - 0821 ext 108
Fax	:	02 - 298 - 0835

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# ANNUAL REPORT 2014

บริษัท สยามโกลบอลเฮ้าส์ จำกัด (มหาชน)  
SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

232 หมู่ที่ 19 ตำบลรอบเมือง อำเภอเมืองร้อยเอ็ด จังหวัดร้อยเอ็ด 45000  
232 Moo 19, Tumbon Rob Muang, Amphur Muang Roi-et, Roi-et, 45000

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Call Center : 0-4351-9777, 0-4352-7222

