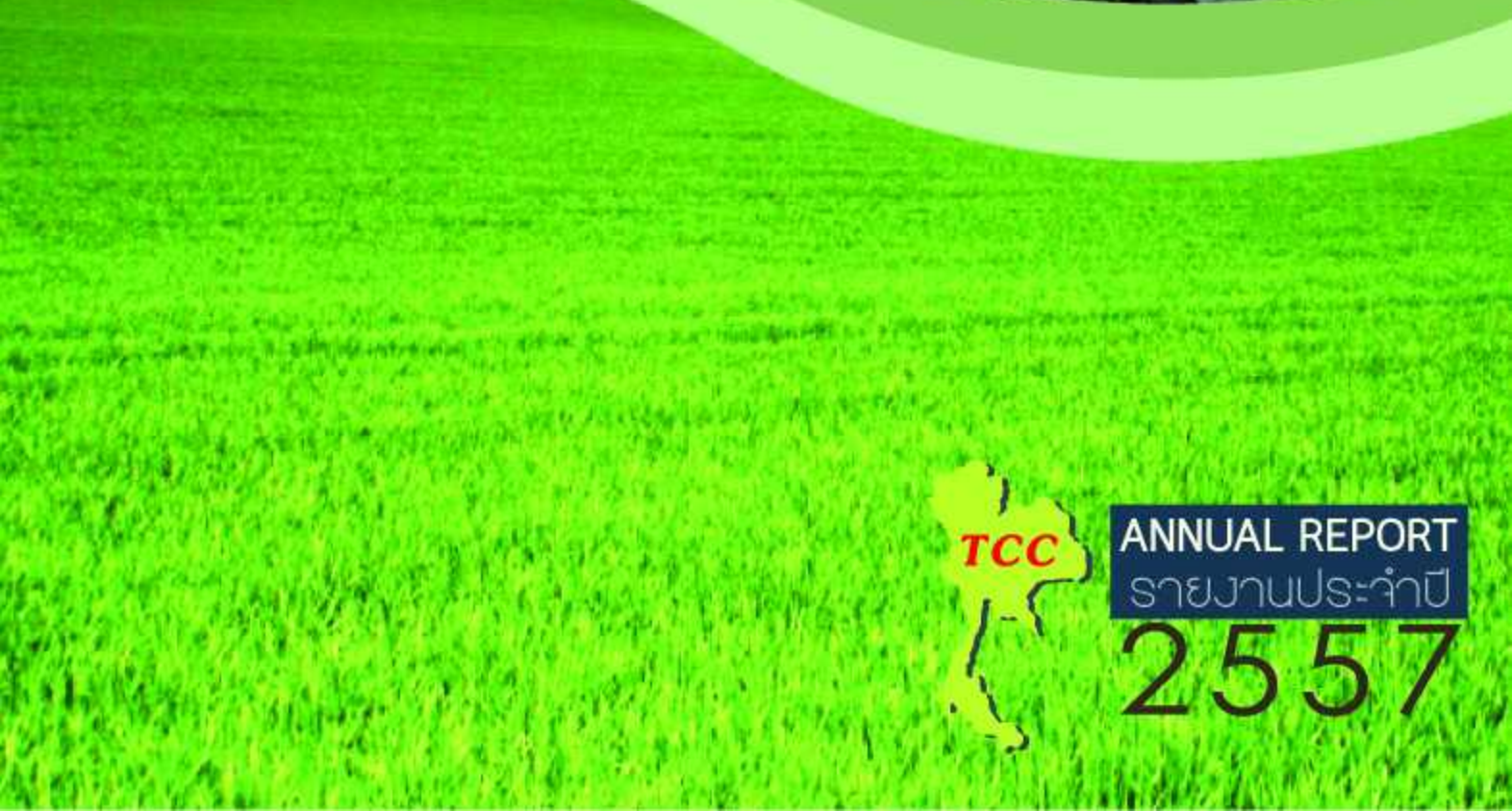
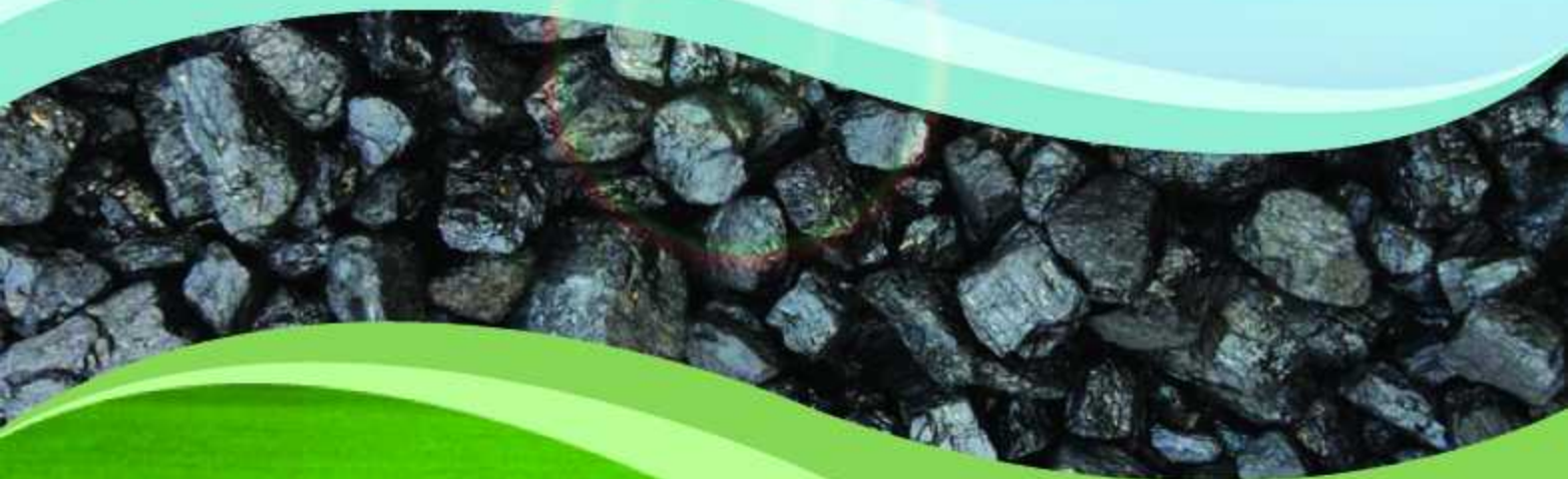


# TCC

บริษัท ไทย แคปิตอล คอร์ปอเรชั่น จำกัด (มหาชน)  
Thai Capital Corporation Public Company Limited



ANNUAL REPORT  
รายงานประจำปี  
2557

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## วิสัยทัศน์ (Vision)

- Be one of the country's top five companies in Coal Trading business
- Continuously explore an opportunity for new business investments which shall bring about long-term and sustainable growth to the Company





## Message from the Chairman

2014 was a year that still saw relatively sluggish economy in many countries as well as the decrease in growth rate of industry sectors compared to previous years. In addition, the downward trend of oil market price appeared to continue. Various mentioned factors may all have an impact on coal business.

Given the mentioned factors, the Company valued the importance of risk management to monitor, assess, and determine proper remedial actions for circumstances that could cause a negative impact on the Company. The Company has finetuned its marketing strategy to retain existing customers and explore new market, emphasized on effective management of costs and expenses, and continuously strengthening of the internal control. These were to ensure that the Company operates effectively and achieves its goal. Moreover, the Company continues to seek opportunities to invest in projects or new business which are deemed worthwhile spending and proper.

As a result of such measures, the Company's operating result improved significantly in 2014 compared to the previous year as demonstrated by revenue from sales of coal totaling 1,593.21 Million Baht, more than 70% increasing from the previous year, and a net profit of 27.77 Million Baht, a turnaround from the previous year which generated a net loss.

The Company strongly believes in the potential of coal business which still has good prospects and believes that in 2015, the Company will continue to grow steadily. Lastly, on behalf of the Board of Directors of Thai Capital Corporation Public Company Limited, I would like to thank our shareholders for your trust in the Company, thank all Company's supporters for all your cheer support throughout the year, and thank the Company's management and employees for all of their efforts. All of these things are very essential to permit and gear the Company towards its success, sustainable growth, and achievement on both short-term and long-term goals.

Yours sincerely,



Mr.Munsin Chaivikrai  
Chairman

## Information of Board of Directors (as at 31 December 2014)

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Experience and Current Position		
					Period	Position	Dept./ Company Business
Mr. Mursin Chavikrai Chairman of the Board of Directors	64	- Kasd Witthaya School	-None-	Father of Mr. Kittisak and Ms. Yupin and elder brother of Mr. Chaoenchai	2008 - present	Chairman of the Board of directors	Thai Capital Corporation PCL. / Coal trading
					1973 - present	Chairman of the Board of Directors and authorized director	Far East Knitting Industry Co., Ltd. / Manufactures of clothing
Mr. Chait Limpanavech Independent Director and Chairman of the Audit Committee	63	- Master degree in Public Administration (MPA), Political Science Dept., Chulalongkorn University - Bachelor degree in Marketing, Assumption University (ABAC) <b>Training Program by Thai Institute of Directors (TOD)</b> - Director Certification Program (DCP) 46/2004 - Director Accreditation Program (DAP) 12/2004 - Audit Committees and Continuing Development Program (ACPD) 28/2009 - Finance for Non-Finance Director (FND) 32/2006 - Understanding the Fundamental of Financial Statements (UFS) 03/2006 - Financial Statement for Director (FSO) 06/2009	-None-	-None-	2008 - present	Independent Director and Chairman of the Audit Committee	Thai Capital Corporation PCL. / Coal trading
					2008 - present	Independent Director	TIPCO Foods (Thailand) PCL. / Fruit juice manufacture
					2008 - 2012	Dean of International College	University of the Chamber of Commerce / Academic institution
					2003 - 2009	Dean of Communication Arts Dept.	Assumption University (ABAC) / Academic institution

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Experience and Current Position		
					Period	Position	Dept./ Company Business
Ms. Nitya Ouwirach Independent Director Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee	59	<ul style="list-style-type: none"> <li>- Master degree in Management, Asian Institute of Management, Philippines</li> <li>- Bachelor degree in Accounting (Second Class Honors) Assumption University (ABAC)</li> <li>- Training Program by Thai Institute of Directors (TID)</li> <li>- Director Accreditation Program (DAP) 7/7/2009</li> <li>- Audit Committee and Continuing Development Program (ACP) 33/2010</li> </ul>	- None -	- None -	2008 - present	Independent Director Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee	Thai Capital Corporation PCL. / Coal trading
					2013 - 2014, 2015 - 2018	Member, Performance Agreement Sub Committee for Revolving Fund	The Comptroller General's Department, Ministry of Finance / Government organization
					2009 - present	Senior Consultant	System Focus Co., Ltd. / Business Performance Excellence Consultant
					2002 - 2009	Director	Momentum Consulting Co., Ltd. / Business Performance Excellence Consultant
					1995 - 2009	Managing Director	Ariel Co., Ltd. / Consulting Service in organization development
Mr. Chienochai Chienviroi Authorized Director Chief Executive Officer Member of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee	57	<ul style="list-style-type: none"> <li>- Suphavitana High School</li> <li>- Training Program by Thai Institute of Directors (TID)</li> <li>- Director Accreditation Program (DAP) 7/8/2009</li> </ul>	- None -	Younger brother of Mr. Nurnin and uncle of Mr. Kittisak and Ms. Yupin	2008 - present	Authorized Director Chief Executive Officer Member of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee	Thai Capital Corporation PCL. / Coal trading
					1973 - present	Authorized Director and Chief Executive Officer	Fer East Knitting Industry Co., Ltd. / Manufacturer of clothing

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Experience and Current Position		
					Period	Position	Dept./ Company Business
Mr. Chirapet Sahasakul Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee	60	<ul style="list-style-type: none"> <li>- PhD in Economics, University of Rochester, New York, United States</li> <li>- Master degree in Economics, Thammasat University</li> <li>- Bachelor degree in Economics (First Class Honors), Thammasat University</li> <li>- Training Program by Thai Institute of Directors (IOD)</li> <li>- Director Accreditation Program (DAP) 21/2012</li> <li>- Audit Committee and Continuing Development Program (ACP) 33/2010</li> <li>- Monitoring Fraud Risk Management (MFM) 04/2010</li> <li>- Monitoring the Quality of Financial Reporting (MFR) 12/2010</li> <li>- Monitoring the System of Internal Control and Risk Management (MIR) 10/2011</li> </ul>	- None -	- None -	2013 - present	Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee	Thai Capital Corporation PCL. / Coal trading
					2014 - present	Chairman of the Board of Directors	The Agricultural Futures Exchange of Thailand / Independent organization
					2012 - present	Council Member and Academic Committee Member in Economics	National Research Council of Thailand / Government organization
					2012 - present	Faculty Committee Member	Faculty of Economics, Thammasat University / Academic institution
					2010 - present	Independent Director and Member of the Audit Committee	The Vegetable Oil PCL. / Vegetable oil manufacturer
					2010 - present	Member of Sub-committee on KPIs & Performance Evaluation of State Enterprises (Agriculture and Natural Resources)	Office of State Enterprise Policy Committee, Ministry of Finance / Government organization
					2005 - present	Independent Director and Member of the Audit Committee	Pylon PCL. / Foundation contractor
Ms. Yugin Chienkrai Authorized Director	37	<ul style="list-style-type: none"> <li>- Master of Science in Accounting, Strayer University, USA</li> <li>- Bachelor of Business Administration in Accounting, Assumption University (ABAC)</li> <li>- Training Program by Thai Institute of Directors (IOD)</li> <li>- Director Accreditation Program (DAP) 56/2006</li> </ul>	12.11%	Daughter of Mr. Murtin and younger sister of Mr. Kittisak and niece of Mr. Chienchenai	2006 - present	Authorized Director	Thai Capital Corporation PCL. / Coal trading
					2014 - present	Authorized Director and Chief Executive Officer	You & I Group Co., Ltd. / Restaurant
					2014 - present	Authorized Director and Chief Executive Officer	You & I Sukki Co., Ltd. / Restaurant
					2002 - present	Executive Vice President	Far East Knitting Industry Co., Ltd. / Manufacturer of clothing

Name-Last Name / Position	Age (Year)	Education	Share in TCC (%)	Relation with Management	Experience and Current Position		
					Period	Position	Dept./ Company Business
Mr. Kittisak Chemsirak Director	41	<ul style="list-style-type: none"> <li>- Master degree in Accounting The George Washington University, USA</li> <li>- Bachelor degree in BA., The George Washington University, USA</li> <li>- Training Program by Thai Institute of Directors (TOD)</li> <li>- Director Accreditation Program (DAP) 54/2016</li> </ul>	- None -	Son of Mr. Munsin and elder brother of Ms. Yupin and nephew of Mr. Chemsirak	2007 - present	Director	The Capital Corporation PCL. / Coal trading
					2007 - present	Authorized Director	Thaco Sales Co., Ltd. / Car Air Conditioner trading
					1999 - present	Executive Vice President	Far East Knitting Industry Co., Ltd. / Manufacturer of clothing
					2002 - 2010	Director	Far East Securities Co., Ltd. / Securities broker
Mr. Boon-arat Srikhao Authorized Director Executive Vice President Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee	40	<ul style="list-style-type: none"> <li>- Master degree in Building Management, Construction Project Management, University of Manchester Institute of Science and Technology (UMIST)</li> <li>- Bachelor degree in Engineering, Thammasat University</li> </ul>	0.0003%	Son-in-law of Mr. Munsin	2009 - present	Authorized Director Executive Vice President Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee	The Capital Corporation PCL. / Coal trading
					2001 - 2009	Senior Engineering Project	Hemraj Land And Development P.L.C. / Land development
					1999 - 2001	Civil Engineering	Nongklee Co-generation Co., Ltd. / Power plant
					1998 - 1999	Civil Engineering	Samutprakarn Co-generation Co., Ltd. / Power plant



**Detail of positions held by Directors in-subsidary, affiliate or related companies as 31 December 2014**

	TCC	Subsidiary			Affiliate	Related companies
		Theco Sales Co., Ltd.	TCC Guangzhou	P.T. Thai Capital Indo Mining	None	Far East Knitting Industry Co., Ltd
Mr. Munsin Chaivikrai	C	-	-		-	C, X
Mr. Chalit Limpanavech	D, CA	-	-	-	-	-
Ms. Nataya Ouivirach	D, AC	-	-	-	-	-
Mr. Charoenchai Chaivikrai	X	-	-	-	-	X
Mr. Chaipat Sahasakul	D, AC	-	-		-	-
Ms. Yupin Chaivikrai	X	-	-		-	M
Mr. Kittisak Chaivikrai	D	X	-		-	X
Mr. Boon-anant Srikhao	X	-	X	X	-	-

Note: C = Chairman, D = Director, CA = Chairman of Audit Committee, AC = Member of Audit Committee,  
X = Executive Director/Authorized Director, M=Management

## Information of the Company

<b>Name</b>	: Thai Capital Corporation Public Company Limited
<b>Registered Number</b>	: 0107537001226
<b>Nature of Business</b>	: Import and Sale of coal
<b>Head Office</b>	: 87/2 CRC Tower Building, 45 <sup>th</sup> Floor, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok 10330
<b>Telephone</b>	: 0-2685-3600
<b>Facsimile</b>	: 0-2685-3607
<b>Website</b>	: <a href="http://www.thaicapital.co.th/">http://www.thaicapital.co.th/</a>
<b>E-mail</b>	: <a href="mailto:info@thaicapital.co.th">info@thaicapital.co.th</a>

### Registered Capital and Paid-up Capital as at 31 December 2014

Registered Capital	881,486,633.50 Baht divided into 1,762,973,267 ordinary shared at par value of 0.5 Baht per share
Paid-up capital	601,024,239.00 Baht divided into 1,202,048,478 ordinary shared at par value of 0.5 Baht per share

1. **Name** : **Theco Sales Co., Ltd. (TCS)**  
**Registered Number** : 0105536114441  
**Shareholding as at 31/12/2014** : 99.99%  
**Paid-up Capital as at 31/12/2014** : 10,000,000 Baht divided into 100,000 ordinary shares at par value of 100 Baht per share  
**Nature of Business** : Sales of spare parts of air conditioner, cooler and heater for all types of vehicle, home, building, including other types of heater and cooler. According to the resolution of the Board of Directors' Meeting of TCC No. 7/2008, approval was granted in cancellation of the air conditioning related business of TCC, Consequently, TCS the subsidiary of TCC who operated the air conditioning business together with TCC, was also to cease its operation and, hence, business  
**Head Office** : 87/2 CRC Tower Building, 45<sup>th</sup> Floor, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok 10330  
**Telephone** : 0-2685-3606  
**Facsimile** : 0-2685-3607
  
2. **Name** : **Thai Capital Corporation Company Limited (Guangzhou)**  
**Registered Number** : 440101400110719  
**Shareholding as at 31/12/2014** : 100%  
**Nature of Business** : Consulting on coal business  
**Head Office** : Room 1907-1908, No 167 Linhe West Road, Tianhe District Guangzhou, China, 510610
  
3. **Name** : **P.T. Thai Capital Indo Mining**  
**Registered Number** : 09.03.1.46.81919  
**Shareholding as at 31/12/2014** : 99.83%  
**Nature of Business** : Sale of solid fuel, liquid fuel, gas and relevance products  
**Head Office** : 49<sup>TH</sup> Floor, Equity Tower, JL JEND Sudirman KAV 52-53, SCBD, 12190, Jakarta, Indonesia

<b>Securities Registrar</b> Thailand Securities Depository Co., Ltd. SET Building 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel: 0-2229-2888	<b>Auditor</b> PV Audit Co., Ltd. 100/19, 14 <sup>th</sup> Floor, Vongvanij Building B, Rama 9 Rd., Huai Khwang, Bangkok 10310 Tel: 0-2645-0080
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## Financial Highlight

	Unit	2012	2013	2014
<b>Profit &amp; Loss</b>				
Revenue from sales	Million Baht	1,021.34	929.47	1,593.21
Total revenue	Million Baht	1,029.62	941.63	1,604.48
Gross Profit	Million Baht	115.87	100.02	201.04
Net Profit (loss)	Million Baht	3.51	(52.85)	27.77
<b>Financial Position</b>				
Current assets	Million Baht	604.04	657.12	659.25
Total assets	Million Baht	899.78	943.01	932.52
Total liabilities	Million Baht	92.50	109.94	64.25
Total shareholders' equity	Million Baht	807.28	833.07	868.27
<b>Financial Ratio</b>				
Current ratio	Times	6.59	6.04	10.63
Debt to equity ratio	Times	0.11	0.13	0.07
Gross profit (loss) margin	%	11.34	10.76	12.62
Net profit (loss) margin	%	0.34	(5.69)	1.74
Return on equity	%	0.43	(6.44)	3.26
Return on asset	%	0.39	(5.74)	2.96

## Business Overview

Thai Capital Corporation Public Company Limited (“the Company”) operates sourcing and distribution of Bituminous/Sub-Bituminous coal mainly imported from Indonesia.

### Company’s Product

#### **Coal**

Coal is a kind of combustible sedimentary rock, comprising the main component that is carbon compound of not less than 50% by weight or 70% by quantity.

#### **Origin of Coal**

Coal is the large reserve of fossil fuel. Coal source spreads aboard the World in many countries. Therefore the coal is the high-stable fuel that results in its more low-priced than other fuels especially natural gas and fuel oil.

American Society for Testing and Material (ASTM) has divided the coal in 4 types/levels aligning from the most to the least compound of carbon i.e. Anthracite, Bituminous, Sub-bituminous, and Lignite. The general properties of coal ranking the high level are the high quantity of carbon, high-heating, and low hydrogen and oxygen. Meanwhile the coal ranking the low level is of the low quantity of carbon, but high hydrogen and oxygen. Each level is subdivided according to the different chemical properties and Calorific Value. Each type of coal has the main properties according to the Table below:

<b>Types</b>	<b>Calorific Value (Kcal / Kg)</b>	<b>Moisture (%)</b>	<b>Ash (%)</b>	<b>Sulfur (%)</b>
Anthracite	6500-8000	5-8	5-12	0.1-1.0
Bituminous	5500-6500	8-15	1-12	0.1-1.5
Sub-bituminous	4500-5500	24-30	1-10	0.1-1.5
Lignite	3000-4000	30-38	15-20	2.0-5.0

#### **Coal Utilization**

Coal is utilized rather widely from several hundred years to the present due to its sources spread aboard the World and is of the large quantity. Coal utilization was very popular after the Industrial Revolution in English. In 1973, much more popular than before, the oil price shock occurred and resulted in the coal was more used as fuel instead of oil, both for electricity production and industries. Coal is regarded as the power source inferior to the petroleum oil and natural gas. The countries possessing the coal source should be deemed that they are highly stable in energy such Indonesia, Russia, China, Germany, and Australia, etc. As a result of alternative energy source other than oil or natural gas that are increasingly, highly-priced.

Coal is mainly utilized as fuel for electricity production and industries such as steel, cement, lime, and others. It will be less investment than the direct electricity usage. In general, it will be fuel for activities such as water boiling to send the steam to spin the turbine of electricity production or sent the steam to bake such as rubber baking or wood baking, etc.

Other than the direct combustion, the coal can be converted to be other fuel forms through the coal liquefaction or coal gasification. Coal is utilized as clean fuel in order to reduce the pollution from utilizing the coal as fuel. Under the coal conversion process, acidic or toxic gas can be separated. By-product substances obtained from coal can be utilized in other ways such as sulfur used for sulfuric acid and gypsum production, ammonia used as fertilizer for agriculture, coal ash used for building material production, etc.

Type of coals which company distributes are Bituminous/Sub-Bituminous, as non-sized coal (0-50mm), dust (0-5mm and 0-10mm) and nut (10-25mm and 25-50mm).



## Industry and competitive condition

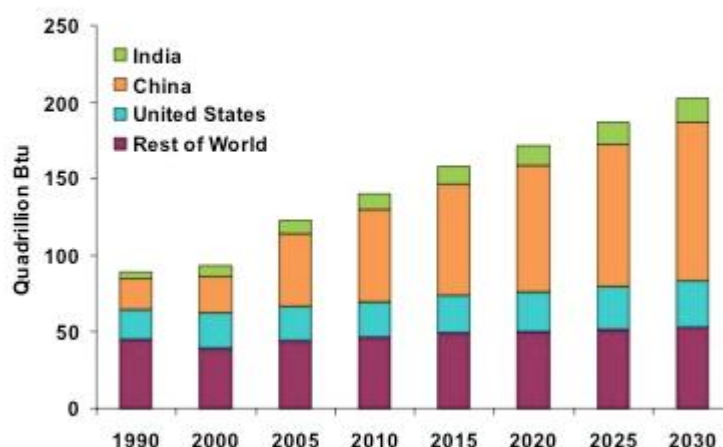
Domestic coal business has continued to expand for a period of time. Currently, there are approximately 10 operators of domestic coal business. The competition is high, especially in term of pricing. However, for the large industrial enterprises, the purchase is done in large quantities and continual.

Coal business operators must maintain sufficient amount of coal inventory to meet the volume and continuity as per these customers' requirement and therefore, requires sufficient funds and a storage facility which could be a major drawback of small coal business operators. The Company currently has 2 warehouses with the capacity to store over 200,000 tons of coal in total and a capacity of 3,000 tons production per day, and adequate funds to invest. Thus, the Company is deemed to have the potential to compete well in the market.

### Trend of Coal Energy Usage

Due to the rapid expansion in economy of developing countries (or so called "emerging economics") in the last several years for instance, China and India, there has been a rise in global demand of energy, half of which was contributed from Asian countries. Coal is a promising option of energy due to its low price and ease of usage compared to other types of energy.

**World Coal Consumption, 1990-2030**

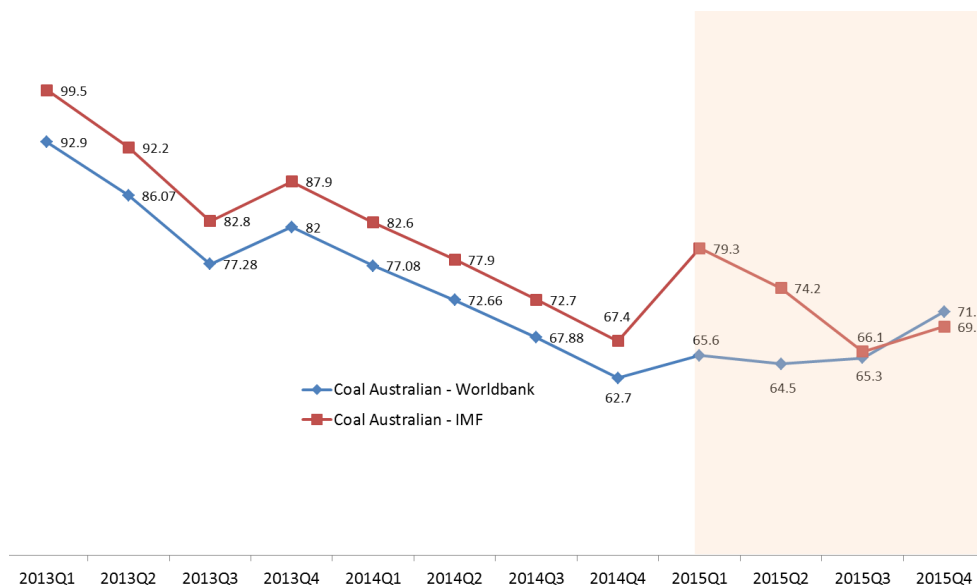


Source of Information: [www.eia.gov](http://www.eia.gov)

It can be seen from the above table that the global coal assumption increases every year and is likely to continue increasing in the future. China as a country that imported and consumed coal more than other countries in the world. There is a speculation that global coal consumption would still rise but at the slower rate due factors such as higher demand for clean energy, economic slowdown, and decreased import policy of China.

In term of prices, they continued to decrease in 2014 and in 2015, they still tend to decrease compared to 2014. Judging by quarter of 2015, it can be seen that the prices in the 1<sup>st</sup> quarter was forecasted to increase but will drop down in the 2<sup>nd</sup> quarter and the 3<sup>rd</sup> quarter and will rise again in the last quarter of the year.

Coal Price Forecast 2015: IMF and World Bank



Source of Information: *International Monetary Fund (IMF), 6 January 2015 and World Bank Group, January 2015*

For the domestic competition, in the past 5 years, coal consumption increased continuously between 2010 and 2012 but slightly decreased in 2013 with the fierce competition especially in pricing. In 2014, coal and lignite consumption increased from 2013 by 12.95%, dividing into the usage by EGAT of 53.1% and other industries by 46.9% (cement, paper, and food).

#### Coal/Lignite Usage

Thousand Tons

	2010	2011	2012	2013	2014
<b>Electricity Generation</b>	7,469.1	8,080.2	9,005.8	9,048.2	9,506.6
<b>Industry</b>	8,009.0	7,727.2	7,400.8	6,797.5	8,390.4
<b>Total</b>	15,478.1	15,807.3	16,406.6	15,845.7	17,897.0

Source: Ministry of Energy

In respect of coal import, due to the fact that domestic production is not sufficient as compared to demand and that, quality of domestic coal is relatively low compared to imported coal. This resulted in Thailand continuously importing from other countries for instance, Indonesia and Australia.

#### Coal/Lignite Sourcing (Domestic/Import)

Thousand Tons

	2010	2011	2012	2013	2014
EGAT	15,987	17,558	16,590	17,072	17,079
Others	2,271	3,769	1,476	1,039	901
<b>Total – Domestic</b>	<b>18,258</b>	<b>21,327</b>	<b>18,066</b>	<b>18,111</b>	<b>17,980</b>
<b>Import</b>	<b>16,904</b>	<b>16,331</b>	<b>18,404</b>	<b>17,328</b>	<b>20,881</b>
<b>Total (Domestic and Import)</b>	<b>35,162</b>	<b>37,658</b>	<b>36,470</b>	<b>35,439</b>	<b>38,861</b>

Source: Ministry of Energy

#### Coal/Lignite Import (Volume and Amount)

	2010	2011	2012	2013	2014
Import Volume (Million Tons)	16.9	16.3	18.4	17.3	20.9
Import Amount (Million Baht)	39,361.1	42,335.7	46,702.3	39,713.7	47,947.0
Import Amount per Ton (Baht)	2,329.1	2,597.3	2,538.2	2,295.6	2,294.1

Source: Ministry of Energy

### **Trends of Domestic Energy Use in the Future**

The Resolution No. 1/2015 of Energy Policy and Planning Office (“EPPO”), reported on energy outlook of 2015, with the assumption of economic growth of 3.5% - 4.5% according to the estimates of the Office of the National Economic and Social Development Board (“NESDB”), the growth shall be driven by exports, tourism which is expected to improve in accordance with the recovery of the global economy, investments of the private and public sectors, and the decline in crude oil prices in the world market:

- Primary commercial energy demand was expected to increase by 3.0% in accordance with the economy expansion. Demand for coal and lignite shall increase by 1.8%% and the use of energy, water / electricity imports increase by 16.6%.
- For petroleum products, gasoline was expected to increase by 3.5%, diesel fuel by 2.2%, aviation fuel up by 3.8%, LPG by 2.8% due to continually increasing demand for use in the car, while fuel oil was expected to decline by 2.9% in accordance with the steady trend of declining. Overall, the use of petroleum products was expected to increase by 2.5%.
- Electrical power generation was expected to increase by 4.0% on the basis that the economy was expected to grow further due to the recovery of global economy.

In addition, the Ministry of Energy is proposing a framework for power development plan of Thailand for the year 2015-2036 (“2015 PDP”), of which the framework is to aim for reduction in the usage of natural gas which, at the end of the plan, shall reduce from 67% to 30%, while increase the production of electricity from clean coal, from the current usage ratio of 20% to 30% whereby 2 additional power plants will be constructed; one in Sattahip (in the Navy area) and the other in Satinkphra District, Songkhla. The original plan of EGAT was to construct a coal power plant in Krabi and construct Tepa Powerplant 1 and 2 in Songkhla. The nuclear power plant was planned around the end of the plan for 2,000 Megawatts, or 2 plants, representing 5% of all fuels. However, though the adoption of 2015 PDP in April 2015, the volume of coal used in electricity generation was not likely to increase significantly in 2015 since new coal power plants were expected to be completed in 2019.

## **Major Changes and Developments in the past 3 years (2012–2014)**

In 2012-2014, Company had significant changes and developments as follows:

### **Management**

#### **Year 2013**

- The Board of Directors' Meeting no. 4/2013 held on 9 August 2013, acknowledged the resignation of Mr. Bandid Chotiwanaporn as the Managing Director with the effective date on 16 August 2013.

#### **Year 2014**

- Company improved operating results from net loss 52.85 Million Baht in 2013 to net profit of 27.77 Million Baht in 2014, increasing from previous year by 80.62 Million Baht or 152.54% due to adjustments in Company's marketing strategies and continuous improvement of its internal control.

### **Changing of capital structure**

#### **Year 2012**

- In the Annual General Meeting of Shareholders for the year 2012 held on March 13, 2012, it approved offering and allotment of the TCC-W3 for not more than 92,208,961 units to the existing shareholders, at the ratio of 10 shares per 1 unit of warrant at no charge. 1 unit of TCC-W3 can purchase 1 ordinary share with the exercised price of Baht 1 per share. According to the terms and conditions of TCC-W1 and TCC-W2, the Company shall adjust the exercise price and ratio when the Company issues any new securities to the existing shareholders with an option for the securities holders to exercise their rights in buying or converting into the Company's shares, and that the exercise price is lower than 90 percent of market price. Therefore, the Company adjusted the exercise price and ratio. After the adjustment, 1 unit of TCC-W1 can purchase 1.21673 ordinary shares with the exercised price of Baht 0.822 per share and 1 unit of TCC-W2 can purchase 1.06594 ordinary shares with the exercised price of Baht 0.938 per share.

#### **Year 2013**

- In the Annual General Meeting of Shareholders for the year 2013 held on April 30, 2013, it approved the offering and the allotment of the TCC-W4 for not more than 369,800,031 units to the existing shareholders, at the ratio of 3.2 shares per 1 unit of warrant at no charge. 1 unit of TCC-W4 can purchase 1 ordinary share with the exercised price of Baht 1 per share. According to the terms and conditions of TCC-W1, TCC-W2, and TCC-W3, the Company shall adjust the exercise price and ratio when the Company issues any new securities to the existing shareholders with an option for the securities holders to exercise their rights in buying or converting into the Company's shares, and that the exercise price is lower than 90 percent of market price. Therefore, the Company adjusted the exercise price and ratio. After adjustment, 1 unit of TCC-W1 can purchase 1.39010 ordinary shares with the exercised price of Baht 0.719 per share, 1 unit of TCC-W2 can purchase 1.21782 ordinary shares with the exercised price of Baht 0.821 per share and 1 unit of TCC-W3 can purchase 1.14249 ordinary shares with the exercised price of Baht 0.875 per share.

#### **Year 2014**

- TCC-W1 of 398,957 units remained after the final exercise date on October 30, 2014 which expired, and also duly ceased to be considered as listed securities from October 31, 2014.

## **Expansion of the business**

### **Year 2012**

- On 23 May 2012, Company set up “Thai Capital Corporation Company Limited (Guangzhou)” in China for consulting coal business. Paid-up share amounting 80,000 USD held by Company for 100%.

### **Year 2013**

- On 3 January 2013, Company set up “P.T. Thai Capital Indo Mining Co., Ltd.” in Indonesia for sales of solid fuel, liquid fuel, gas and relevance products. Paid-up share amounting 1 Million USD held by Company for 99.83%.



# Risk Factors

## 1. Risk from raw material cost fluctuation according to world market price

Major cost components of the Company are coal and freight, which may fluctuate according to certain factors being volatility of oil prices, and demand and supply. To mitigate such risk, the Company enters into forward contracts for partial sale and purchase of coal and regularly keeps track of directions or trends of coal prices in the world market.

## 2. Risk from fluctuation of exchange rate

In the event that the Company uses foreign currency (US Dollars) to pay for Coal and freight, while the Company's sales are domestic and quoted in Baht, the Company is exposed to fluctuation of exchange rate if Baht depreciates which would lead to higher import costs. In 2014, the Company mitigated such risk by buying Forward Contract.

## 3. The risk of importing coal from Indonesia

In addition to the risk from fluctuation of foreign exchange rate mentioned above, to import coal from Indonesia, there may be risks regarding unstable quality and quantity, which are typical risks for this business. The Company manages such risks by building good relationship with the suppliers in Indonesia.

## 4. Risk from Uncollectible Accounts Receivable (Credit Risk)

Some customers of the Company may encounter liquidity problems which may have an impact on their settlement. In order to mitigate the risk, the Company implements robust internal control over customer selection process and accounts receivable management.

## 5. Environmental risk

Due to the fact that the Company operates sourcing and distribution of coal where the related processes may lead to certain environmental risks. The Company implements certain measures to mitigate such risks and explained in the section of **Corporate Governance**.

# Capital Structure

## Registered capital and Paid-up capital

As at 31 December 2014, the Company's registered capital and paid-up capital are as follows:

	Number of ordinary shares (Shares)	Par value (Baht/share)	Amount (Baht)
Registered capital	1,762,973,267	0.50	881,486,633.50
Paid-up capital	1,202,048,478	0.50	601,024,239.00

## Shareholders

Details of shareholders as at 30 December 2014 are as follows:

Rank	Name of shareholder			Number of shares	% of total
<b>1</b>	<b>Chaivikrai Group</b>				
	Ms.	Sopin	Chaivikrai	171,987,300	14.31%
	Ms.	Pornpin	Chaivikrai	159,200,000	13.24%
	Ms.	Yupin	Chaivikrai	145,530,000	12.11%
	Ms.	Paninee	Chaivikrai	45,000,000	3.74%
	Ms.	Kittaporn	Chaivikrai	44,490,000	3.70%
	Mr.	Kridsana	Chaivikrai	42,000,000	3.49%
	Total			608,207,300	50.60%
2	Ms.	Nutsuree	Lertchairatana	50,647,200	4.21%
3	Ms.	Vilai	Chareonvitu	50,570,000	4.21%
4	Ms.	Supunnee	Chaikulwatana	45,000,000	3.74%
5	Mr.	chutiwat	Pardpachi	27,671,300	2.30%
6	Ms.	Nantana	Chitsrisunan	14,500,000	1.21%
7	Thai NVDR Company Limited			14,270,865	1.19%
8	Mr.	Bavorn	Jirasuk	9,695,000	0.81%
9	Mrs.	Supaporn	Nonthanum	9,534,357	0.79%
10	Mr.	Voranun	Thinrungroj	8,100,000	0.67%
<b>Total top 10 shareholders</b>				<b>838,196,022</b>	<b>69.73%</b>
Total remaining shareholders				363,852,456	30.27%
<b>Total paid-up shares</b>				<b>1,202,048,478</b>	<b>100.00%</b>

## Obligation in security issuance and offering

As at 31 December 2014, the outstanding number of TCC warrants still remained after the previous offer to existing shareholders is as follows:

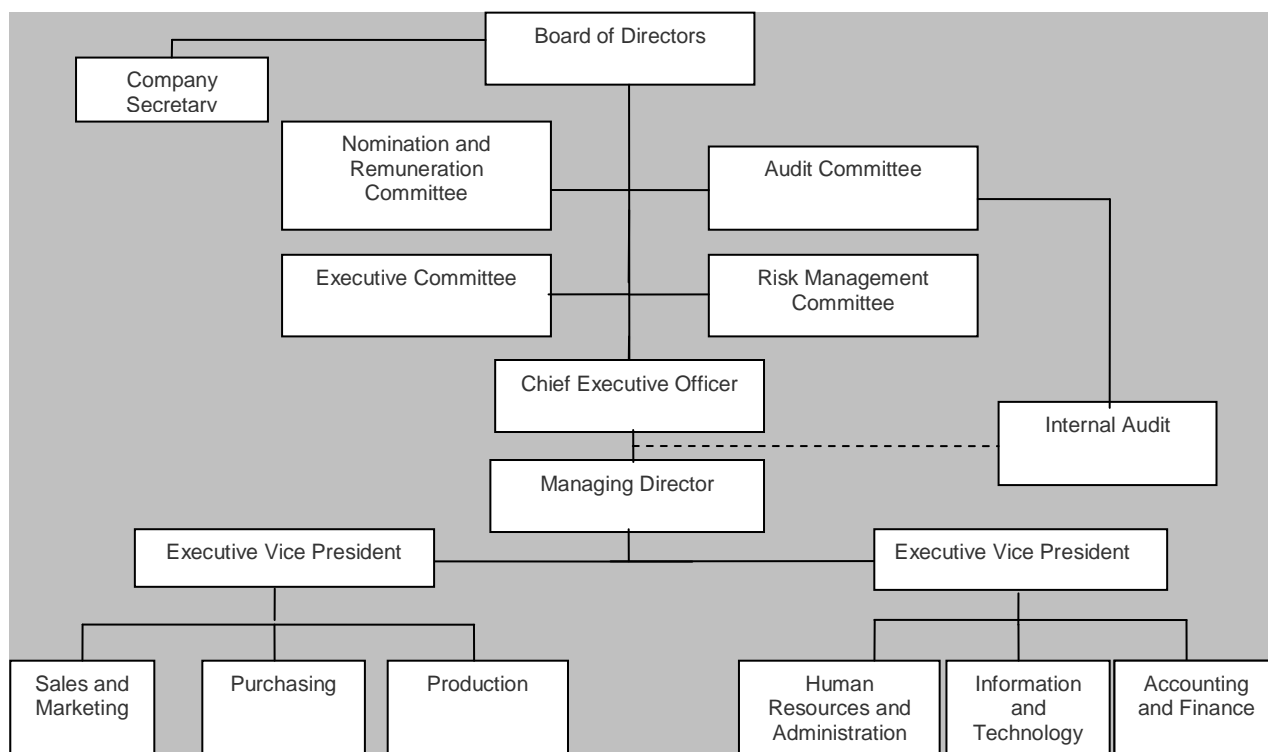
Securities	Unit(s)			Conversion ratio	Exercise price (Baht/share)	Number of shares upon full exercise	Number of shares issued for the exercise	Last Exercising Date
	Issue	Warrant Exercised	Outstanding					
TCC-W2	75,982,482	7,651,581	68,330,901	1: 1.21782	0.8210	83,214,738	83,893,968	3 May 2018
TCC-W3	92,208,576	6,212	92,202,364	1: 1.14249	0.8750	105,340,279	106,200,069	1 April 2022
TCC-W4	369,779,804	425,437	369,354,367	1: 1.00000	1.0000	369,354,367	369,374,594	14 May 2023

Note:

- TCC-W1 of 398,957 units expired and also duly ceased to be considered as listed securities from 31 October 2014.
- TCC-W2, TCC-W3 and TCC-W4 can be exercised on the last working day of March, June, September and December of each year through the final exercise date.

# Management

Management structure as at 31 December 2014 is as follow:



## Board of Directors

Board of Directors comprised eight members in which 6 directors are non-executive directors while 3 of them are independent directors, and 2 directors are executive directors.

Details of Board of Directors as at 31 December 2014 are as follows:

	First Name	Family Name	Position	Meeting in 2014
				No. of Attendance / No. of Meeting
1	Mr. Munsin	Chaivirkrai	Chairman of the Board of directors	5/7
2	Mr. Chalit	Limpanavech	Independent Director and Chairman of the Audit Committee	7/7
3	Ms. Nataya	Ouivirach <sup>1</sup>	Independent Director Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee	7/7
4	Mr. Charoenchai	Charivikrai <sup>1,2</sup>	Director Chairman of the Executive Committee Member of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee	7/7
5	Mr. Chaipat	Sahasakul <sup>1</sup>	Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee	7/7
6	Ms. Yupin	Chaivikrai	Director	7/7
7	Mr. Kittisak	Charivikrai	Director	7/7
8	Mr. Boon-anant	Srikhao <sup>1,2</sup>	Authorized Director Member of the Executive Committee Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee	7/7

Note:

1. The Board of Directors resolved to appoint Ms. Nataya Ouivirach as Chairman of the Nomination and Remuneration Committee, and appoint Mr. Charoenchai Charivikrai, Mr. Chaipat Sahasakul, and Mr. Boon-anant Srikhao as members of the Nomination and Remuneration Committee on February 25, 2014.
2. The Board of Directors resolved to appoint Mr. Charoenchai Charivikrai as Chairman of the Risk Management Committee and appoint Mr. Boon-anant Srikhao as members of the Risk Management Committee on February 25, 2014.

## Authorized Directors

Mr. Charoenchai Chaivikrai, Ms. Yupin Chavikrai, and Mr. Boon-anant Srikhao are authorized Directors with 2 out of 3 signatures with an affix of the company seal forms legal binding.

## Company Secretary

The Board of Directors resolved to appoint Mr. Kamphol Patana-anukul as Company Secretary on August 16, 2013.



## Executives

Executive of the Company as at 31 December 2014 comprised the followings:

	First Name	Family Name	Position
1	Mr. Charoenchai	Chaivikrai	Chief Executive Officer
2	Mr. Boon-anant	Srikhao	Executive Vice President and Acting Managing Director
3	Mr. Kamphol	Patana-anukul	Executive Vice President and Chief Financial Officer

Note: The Board of Directors resolved to appoint Mr. Boon-anant Srikhao as Managing Director with an effective date on January 20, 2015.

### Duties and Responsibilities of the Board of Directors

1. To perform duties according to Public Company Act of 1992 and any other laws which designate such duties and responsibilities as that of Directors of a listed company
2. To perform duties according to the law, objectives and article of Association of the Company, including the resolutions of the Shareholders Meeting
3. To establish major business policies for the Company which include financial policy, funding policy, fund management policy and risk management policy
4. To determine business policy, financial policy, funding policy, capital management policy, and risk management policy for the management to implement.
5. To have the power to designate and change authorized directors
6. To provide good corporate governance and ensure achievement of goal or in excess thereof; and to provide corrective measure to overcome the obstructions that may hinder such achievement
7. To arrange for reports on general information and financial statement to shareholders and stakeholders that are accurate, complete, transparent and according to the law
8. To acknowledge significant audit notes and provide corrective measures in case of material deficiency

According to the Company's Articles of Association, the company's Board of Directors has the authority to make decision and monitor company's operations, except for the following where the Board of Directors must be authorized by the shareholders' meeting before proceeding:

- (1) Matters which, according to the law, require resolutions of the shareholders' meeting
- (2) the connected transaction with the value exceeding the criteria established by the Stock Exchange of Thailand ("SET").
- (3) the purchase and sale of core assets with the value exceeding the criteria established by SET.

## Audit Committee

Audit Committee as at 31 December 2014 comprises the following members:

	First Name	Family Name	Position
1.	Mr. Chalit	Limpanavech	Chairman of the Audit Committee (Independent Director)
2.	Ms. Nataya	Ouivirach *	Member of the Audit Committee (Independent Director)
3.	Mr. Chaipat	Sahasakul *	Member of the Audit Committee (Independent Director)

\*Ms. Nataya Ouivirach and Mr. Chaipat Sahasakul are the members of the Audit Committee who have knowledge and experience in reviewing the financial statements where both Directors have had such experience for more than 20 years

### Duties and Responsibilities of the Audit Committee

1. To ensure that the Company's financial report accurately and sufficiently discloses the information by coordinating with the auditor and the executives responsible for the preparation of the financial statement both quarterly and annually, During the course of auditing, the Audit Committee may request the auditor to review or audit any transactions as deemed necessary
2. To ensure, together with the auditor and the internal auditor, that the Company has a suitable and effective internal audit system, and to approve the appointment, transfer, and termination of the Company's internal auditor.
3. To consider and propose the appointment of auditor as well as remuneration of auditor, The auditor shall be appointed on the basis of credibility, resourcefulness, amount of work commissioned to such audit office and the experience of the auditor that has been appointed
4. To consider and disclose the Company's information regarding connected transactions or conflicts of interest, if any, in an accurate and complete manner
5. To perform duties as assigned by the Board of Directors and agreed by the Audit Committee such as to review financial management and risk management policies; to review the management performance in terms of good business ethics; to review together with the management the reports that disclose significant transactions to the public such as the analysis report of the management
6. To prepare and arrange the Audit Committee's activity report and disclose it in the Annual Report, The report must be certified by the Chairman of the Audit Committee and the detail shall include:
  - 6.1 Opinion regarding preparation process and disclosure of information in the financial statement on its accuracy, completeness and trustworthiness
  - 6.2. Opinion regarding the sufficiency of internal control system
  - 6.3. Reasons to support the appointment of the auditor
  - 6.4. Opinion on the Company's operation in accordance with the Securities and Exchange Act, Regulations set by SET or any other laws relating to the business of the Company
  - 6.5. Any other reports that the shareholders and investors should be informed, under the duties and responsibilities assigned by the Board of Directors

## Nomination and Remuneration Committee

Nomination and Remuneration Committee as at 31 December 2014 comprises the following members:

	First Name	Family Name	Position
1	Ms. Nataya	Ouivirach	Chairman of the Nomination and Remuneration Committee (Independent Director)
2	Mr. Chaipat	Sahasakul	Member of the Nomination and Remuneration Committee (Independent Director)
3	Mr. Charoenchai	Chaivikrai	Member of the Nomination and Remuneration Committee
4	Mr. Boon-anant	Srikhao	Member of the Nomination and Remuneration Committee

### Duties and Responsibilities of the Nomination and Remuneration Committee

1. To determine the qualifications of the directors in accordance with the structure, size, and composition of the Board of Directors.
2. To nominate and propose candidates who are qualified as the directors for consideration by the Board of Directors.
3. To determine the suitable remuneration structure of the directors
4. To set up the criteria for the Managing Director's performance appraisal and present to the Board of Directors for consideration.
5. To determine the annual remuneration for the directors and Managing Director.
6. To consider the terms and conditions in case of new securities (or warrants) offered to directors and employees (ESOP), if any.

## Executive Committee

Executive Committee as at 31 December 2014 comprises the following members:

	First Name	Family Name	Position
1	Mr. Charoenchai	Chaivikrai	Chairman of the Executive Committee
2	Mr. Boon-anant	Srikhao	Member of the Executive Committee

### Duties and Responsibilities of the Executive Committee

Duties and Responsibilities of the Executive Committee are to administer the Company's general business practice and management. Its duties and responsibilities are also to set the policies, business plans, budget, management structure, and power of management authorities, as well as the criteria in conducting the Company's business that complies with the economic environment and propose to the Board of Directors for consideration and approval and/or endorsement. The Executive Committee shall investigate and monitor the Company's performance to ensure the compliance with the prescribed policies. Major duties and responsibilities of the Executive Committee are as follows:

1. To set policy, direction, strategy, and core management structure regarding the Company's business conduct and submit to the Board of Directors for approval.
2. To set business plan, budget, and management authorities and submit to the Board of Directors for approval.
3. To consider the Company's investment project and submit to the Board of Directors for approval.

4. To approve important investment expenditures prescribed in the annual budget as assigned by the Board of Directors or investment expenditures that are already approved in principle by the Board of Directors.
5. To approve procurement, negotiation, and entering into contracts, agreement or other documents in accordance with the Company's Authority Matrix which is approved by the Board of Directors.
6. To act as the management's advisory committee in the matter of financial policy, marketing, operation and other administrative duties.
7. To approve the opening or closing of the bank deposit account, to specify the authorized person who shall withdraw money from the Company's account, as well as to handle the matters concerning the bank deposit account.
8. To conduct any necessary operations to support and protect the Company's benefits.

According to the regulations of the Securities and Securities Exchange Commission ("SEC") and SET, the authorities of the Executive Committee shall not include the approval of transactions that member of the Executive Committee or other persons may have interests or conflict of interests of any nature with the Company or its subsidiaries (if any).

#### **Duties and Responsibilities of Chief Executive Officer**

1. To devise the mission, objective, guideline and policy, and to provide good corporate governance according to the guideline or principle approved by the Board of Directors
2. To study and explore the opportunities to expand the Company's business in such a way that will maximize benefits and return to the shareholders, and propose to the Board of Directors
3. To consider and comment on the annual budget proposed by the President/Managing Director before its submission to the Board of Directors, and to control the expenses in ensuring that they fall within the budget limit already approved by the Board of Directors
4. To approve expenditure or disbursements of projects or investments or trading of the Company's fixed assets in accordance with the resolution of the Board of Directors
5. To approve purchasing, hiring, contract bindings, payments or any other entries into legal deeds related to normal business operation of the Company or according to the resolution of the Board of Directors
6. To approve appointment, employment, relocation, salary rate, salary raise and termination of employment of management, from department manager level and above
7. To have authorized power to act on behalf or be the representative of the Company to outside parties in related business and in a way that benefits the Company
8. To have authorized power to sign and certify documents, applications and forms as well as to seek permission and approval from the government agencies related to the objectives of the Company, and to appoint others to act on behalf. However, exception must be made to the latter, in the case that the appointed person may be a connected person or have conflict of interest with the business of the Company
9. To have authorized power to file complaint, charge or prosecute persons involved in corruption, embezzlement, theft or engaged in any other acts that result in a loss of benefits or cause substantial damage to the Company
10. To consider meeting agendas before proposing for approval from the Board of Directors

## Risk Management Committee

Risk Management Committee as at 31 December 2014 comprises the following members:

	First Name	Family Name	Position
1	Mr. Charoenchai	Chaivikrai	Chairman of the Risk Management Committee
2	Mr. Boon-anant	Srikhao	Member of the Risk Management Committee
3	Mr. Kamphol	Patana-anukul	Member of the Risk Management Committee

### Duties and Responsibilities of Risk Management Committee

1. The Risk Management Committee shall have the authority to summon each business unit/department of the Company to disclose information in writing or invite the management and officers to attend a meeting with the Risk Management Committee to verbally clarify or provide information on the related risks and their responsibilities as deemed appropriate by the Risk Management Committee. The invited management and officers can inquire or request for information which will be considered a part of their responsibilities in cooperating with the Risk Management Committee.
2. The Risk Management Committee has the authority to engage any Company's business unit to carry out any tasks or operations as deemed necessary to achieve its duties, or any other special duties that the Board of Directors exclusively assigns.
3. To consider and express its opinion on the risk management policy and framework.
4. To consider and express its opinion on determination of the level of acceptable risks, and the risk tolerance level of the Company prior to proposing to the Board of Directors.
5. To acknowledge, consider, and express its opinion on the risk assessment, risk management measures, and action plans to mitigate the residual risks of the Company to ensure that the Company's risk management is adequate and appropriate.
6. To oversee and support the risk management of the Company to ensure its success. To propose preventive actions and means to mitigate the risk to an acceptable level. To follow up on risk management plans continually to ensure that the risks are adequately and appropriately managed.
7. To advise and support the Board of Directors, management and staff on the enterprise risk management as well as promote and encourage the continuous and consistent improvement and development of risk management within the organization.
8. To administer and support the review and revision of risk management policy and framework at least on an annual basis to ensure that such policy and framework is still relevant and appropriate for the business as a whole and for the Company's risk management activities.
9. To report on the significant risks of the Company as well as risks status, risk management guideline, progress, and results of risk management to the Board of Directors.
10. To express its opinion and recommend on engaging services of third parties for an independent consultancy and advice in regards to the scope and operations of the risk management staff.
11. To communicate and coordinate regarding risks and internal control with the Audit Committee at least once a year.

The details on meeting attendance by the Company's Directors and members of the sub-committees in 2014 are as follows:

First Name - Family Name	Position	Audit Committee	Nomination and Remuneration Committee	Executive Committee	Risk Management Committee
1 Mr. Munsin Chaivirkrai	Chairman of the Board of directors	-	-	-	-
2 Mr. Chalit Limpanavech	Independent Director and Chairman of the Audit Committee	6/6	-	-	-
3 Ms. Nataya Ouivirach	Independent Director Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee	6/6	4/4	-	-
4 Mr. Charoend Charivirkrai	Director Chairman of the Executive Committee Member of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee	-	4/4	9/9	3/3
5 Mr. Chaipat Sahasakul	Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee	6/6	4/4	-	-
6 Ms. Yupin Chaivirkrai	Director	-	-	-	-
7 Mr. Kittisak Charivirkrai	Director	-	-	-	-
8 Mr. Boon-anar Srikhao	Authorized Director Member of the Executive Committee Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee	-	4/4	9/9	3/3

# **Nomination and Appointment of Directors and Management**

## **Independent Director**

### **Composition and Nomination of the Independent Director**

The Company set up the composition of the Board of Directors in accordance with the regulation of the SEC which requires at least 1 out of 3 of the Directors to be Independent Directors with a minimum of 3 persons. The Company set the nomination criteria in accordance with that determined by SEC as detailed belows:

1. Holding shares not exceeding 1 percent of the total shares with voting rights of its parent company, its subsidiary, its associated company or potential conflicting juristic person (provided that any shares held by his or her related person as stipulated in section 258 of securities laws (No.4) 2008 must be taken into account).
2. Not being (at present) nor having been (2 years prior to appointment) an executive director (including the director who has the same responsibility as management and authorized director except for the signature in transactions approved by the Board of Directors and joint signing with other directors), employee, officer, monthly paid advisor or controlling person of the Company, its parent company, its subsidiary, its associated company, its parallel subsidiary (subsidiary of the same holding company) or potential conflicting juristic person.
3. Not being a person related by blood or by registration under laws such as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person or such other persons who will be nominated to take up the position of executive or controlling person of the Company or its subsidiary.
4. Not having (at present) nor having had (2 years prior to appointment) a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person that might interfere his or her use of independent discretion, including not being (at present) nor having been (2 years prior to appointment) a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person with transaction value equal to or more than 3 percent of net tangible assets (NTA) of the Company. The calculation of such transaction value must include the transaction incurred during 1 year prior to the date entering into the business relationship with the same person. The aforementioned business relationship includes any trading transaction in the ordinary course of business, taking or granting a lease of real property, any transaction relating to assets or services, and granting or acceptance of financial assistance.
5. Not being (at present) nor having been (3 years prior to appointment) an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person as well as not being a major shareholder, a director who is not an independent director, an executive, or a managing partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary, its associated company or potential conflicting juristic person.
6. Not being (at present) nor having been (2 years prior to appointment) any professional service providers, including a legal advisor or a financial advisor, obtaining service fees of more than baht two million per annum from the Company, its subsidiary, its associated company or potential conflicting juristic person. If a professional service provider is a juristic person, this will include a major shareholder, a director who is not an independent director, an executive or a managing partner of such professional service provider.
7. Not being a director appointed to represent any director of the Company, a major shareholder or a shareholder who is a related person to the Company's major shareholder.
8. Not operating the same business and being in a significant competition with the Company, its subsidiary or associated company. Not holding significant shares in the Partnership, being an Executive Director, an employee, or a consultant receiving fixed salary, or holding more than 1% of the total number of shares with voting rights of the other company operating the business of the same nature and being in significant competition with the Company, its subsidiary or associated company.
9. Not having any other characteristic which makes him or her incapable of expressing an independent opinion with regard to the Company's operation.



## **Director and Senior Executive**

### **Composition and Nomination of the Director**

Composition and selection, appointment, dismissal or termination from the position of the Company's Director is prescribed in the Company's article of association which can be concluded as follows.

The Company's Board of Directors comprises at least 5 members and not less than half of the Directors must reside in Thailand. All Directors must meet the qualification required by law.

The annual meeting of shareholders shall elect members of the Board of Directors in accordance with the following criteria and procedures.

1. Each shareholder shall have one vote for each share he/she holds.
2. Each shareholder shall exercise all votes in electing one or many persons to be Directors, provided that a vote shall not be divisible.
3. Persons who receive the highest votes are, in descending order, elected to the Board of Directors until the required number is met. In the case that two or more candidates have an equality of votes but exceed the number of Directors which the meeting of shareholders is to appoint, the presiding Chairman will cast the deciding vote.

At every annual general meeting, one-third of the Directors, or if the number is not a multiple of three, then the number nearest to one-third shall retire from the office. The Directors retiring on the first and second year after the registration of the company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire. Directors whose terms expire may be re-elected.

In case of vacancy due to reasons other than expiry of service terms, the Board of Directors shall choose any person who is qualified and not subject to prohibition by law as a replacement director at the next meeting of the Board of Directors, except in the case that the remaining term of office of such director is less than two months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. The resolution of the Board of Directors must be passed by votes of not less than three-fourth of the number of the remaining directors.

In appointment of the Director, Nomination and Remuneration Committee, which comprises 2 Independent Directors from out of 4 Committee members, is responsible for considering the qualified candidate by considering the structure, size, and composition of the Board of Directors, and proposing him/her to the Board of Directors for further proposing in the Shareholders' meeting. Nomination and Remuneration Committee also allows the Director and shareholder to propose a qualified candidate.

The meeting of shareholders may pass a resolution to dismiss the director before the expiration of his/her service term with the votes of at least three-fourth of the number of attendant shareholders entitled to vote and at least one half of shares held by the attendant shareholders entitled to vote.

### **Composition and Nomination of the the Audit Committee**

The Audit Committee members shall be qualified, respectable individuals from outside of the Company and are selected and appointed by the Board of Directors as Independent Directors and Audit Committee members. One of the three committee members shall be appointed as Chairman of the Audit Committee. One director must have knowledge or experience in accounting or finance, and have consistent knowledge of events affecting the changes in the Company's financial report in order to increase the efficiency of the Audit Committee. The Audit Committee shall hold office on a three-year term.

When the term of service expires or there is any circumstance causing any member to be unable to hold office until expiration, thus making the number of committee members to be lower than three persons, the Board of Directors or the shareholders' meeting should appoint the new member to fill up the vacancy immediately or not later than three months from the date of vacancy to ensure the continual performance of the Audit Committee.



### **Composition and Nomination of the Nomination and Remuneration Committee**

The Company shall appoint the Nomination and Remuneration Committee which consists of not less than 3 members. At least half of the members, including the Chairman of the Nomination and Remuneration Committee, must be the independent directors. The Nomination and Remuneration Committee shall hold office on a three-year term.

In case of vacancy because of completion of term, or for other reasons than completion of term, the Board of Directors shall appoint a qualified person as a replacement member within 90 days to ensure that the composition of the Nomination and Remuneration Committee complies with the requirement of the Board of Directors.

### **Composition and Nomination of the Executive Committee**

The Executive Committee is appointed by the Board of Directors

### **Composition and Nomination of the Risk Management Committee**

The Board of Directors shall appoint the Risk Management Committee which consists of Director and/or Executive of not less than 3 members. One member must have knowledge or experience in finance, accounting, or risk management. The Risk Management Committee shall hold office on a three-year term.

In case of vacancy because of completion of term, or for other reasons than completion of term, the Board of Directors shall appoint a qualified person as a replacement member to ensure that the composition of the Risk Management Committee complies with the requirement of the Board of Directors. The replacement member shall hold the office only for the remaining term of the member whom he/she replaces.

### **Composition and Nomination of the Top Executive**

In appointment of the Chief Executive Officer and Managing Director, Nomination and Remuneration Committee is responsible for considering the qualified candidate who has knowledge, skills, and experience which are beneficial to the Company, understand the Company's business thoroughly, and is capable of managing the Company to achieve objectives and goals set by the Board of Directors. The Nomination and Remuneration Committee will then propose the candidate to the Board of Directors for consideration.

# Remuneration of Directors and Management

## 1. Monetary Remuneration

### Remuneration of Directors

	Name	Last name	Position	Remuneration of Directors Year 2557			
				Board of Director	Audit Committee	Nomination and Remuneration Committee	Total
1	Mr. Munsin	Chaivikrai	Chairman of the Board of Directors	300,000	-	-	300,000
2	Mr. Chalit	Limpanavech	Independent Director and Chairman of Audit Committee	220,000	310,000	-	530,000
3	Ms. Nataya	Ouivirach	Independent Director Chairman of Nomination and Remuneration Committee and Member of the Audit Committee	220,000	260,000	20,000	500,000
4	Mr. Charoenchai	Chaivikrai	Chief Executive Officer Member of the Risk Management Committee and Member of the Nomination and Remuneration Committee	70,000	-	20,000	90,000
5	Mr. Chaipat	Sahasakul	Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee	220,000	260,000	20,000	500,000
6	Ms. Yupin	Chaivikrai	Director	70,000	-	-	70,000
7	Mr. Kittisak	Chaivikrai	Director	70,000	-	-	70,000
8	Mr.Boon-anant	Srikhao	Director Member of the Nomination and Remuneration Committee Executive Vice President and Member of the Risk Management Committee	70,000	-	20,000	90,000
<b>Total</b>				<b>1,890,000</b>	<b>830,000</b>	<b>80,000</b>	<b>2,150,000</b>

### Remuneration of Management

In 2014, the Company paid remuneration for management of 4 persons which include salary, bonus and social security, totaling 9.9 Million Baht.

Note : Mr.Amorn Tamapipon has resigned as Senior Marketing Director on 1 September 2014

## 2. Other Remuneration

### Other Remuneration of Directors

The Company had determined the meeting allowance for Independent Directors which attend Executive Meeting 10,000 Baht/Time/Person.

### Other Remuneration of Management

The Company setup a provident fund where the Company contributes for management at a rate of 3% of salary. In 2014, the Company contributed providend fund for management of 4 persons totaling 0.2 Million Baht.

## Corporate Governance Policy

The Board of Directors has set the Corporate Governance policy which covers Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board of Directors.

### 1. Rights of Shareholders

The Company must recognize shareholders' rights, such as the right to attend and vote in shareholders' meetings, the right to approve dividend payment and the right to specify remuneration for directors; and non-statutory rights such as disclosure of information and news to shareholders via the Company's website.

In regards to shareholders' meetings, minor shareholders are allowed to propose the meeting agendas and the names of candidates for the directors to the Company in advance. The Board of Directors sets various criteria such as the shareholding percentage of the shareholder eligible for proposal, details of supporting information for consideration, various channels for information submission, and the submission deadline. All relevant information will be published through the channel of the SET and details of the said criteria are also available on the Company's website. The Company's meeting invitation document contains supporting information for each agenda and various proxy forms as well as a list of independent directors in case that any shareholders would like to assign proxy to attend the meeting on their behalves with no conditions which make the proxy granting difficult. The Company also posts the meeting invitation and related attachments on its website in advance of the meeting.

At the Annual General Meeting of Shareholders, all members of the Board of Directors shall attend the meeting unless having inevitable matter. The meeting Chair, who is also Chairman of the Board of Directors will inform all the attendees about regulations governing the meeting, enabled the shareholders to use their right to elect each individual director, as well as allowed the shareholders to express their opinions and pose any inquiries relating to the meeting or the Company. Furthermore, the Company has encouraged the shareholders to send their questions to the Company in advance via the Company's email.

The Company has policy in facilitating and promoting the shareholders, including investment institutions, to attend the shareholders' meeting by determining the meeting place to which is convenient for the shareholders to travel, enclosing the map and suggestion in traveling as well as the contact number in case of any questions. In additions, the Company prepares the invitation letter in both Thai and English for the shareholders and investment institutions to exercise their rights in attending the meeting or granting proxy with ease. The Company publishes the news regarding the meeting in the newspaper for 3 days consecutively before the meeting to remind the shareholders of and promote the meeting.

At the Annual General Meeting of Shareholders, all members of the Board of Directors shall attend the meeting unless having inevitable matter. At the beginning of the meeting, the Chairman of the meeting will inform all the attendees about regulations governing the meeting, enabled the shareholders to use their right to elect each individual director, as well as allowed the shareholders to express their opinions and pose any inquiries relating to the meeting or the Company. Furthermore, the Company has encouraged the shareholders to send their questions to the Company in advance via the Company's email. After the Company's Annual General Meeting of Shareholders, the meeting minutes shall be prepared for dissemination through the Company's website within 14 days.

With regards to control of usage of internal information, the Board of Directors has a policy to prevent directors, executives, and employees from using internal information they may acquire through their status for their own or other persons' benefits. Details of this policy are presented under the section "Supervision of inside Information Usage". In addition, the Company has prescribed measures and procedures on the approval of connected transactions between the Company and its stakeholders or relevant parties to ensure that the directors who have conflicts of interest or participated in such transactions do not have the right to vote in the decision making process.

## 2. Equitable Treatment of Shareholders

The Company values the importance of equitable treatment of all shareholders including major shareholders, minor shareholders, investment institutions, or foreign investors by doing the following:

The Company allows minor shareholders to propose the meeting agendas and the names of candidates for the directors. The Company announces various criteria for consideration publicly via SET website and the Company's website. Proposal made by the minor shareholder will be considered by the Nomination and Remuneration Committee and proposed to the Board of Directors to further consider putting in as the Shareholders' Meeting agenda.

In addition, the minor shareholders can suggest or express their opinion or file complaints to the Independent Directors or the Company Secretary and can request for the Company's information or express their opinion via Investor Relations.

## 3 . Role of Stakeholders

The Company realizes the importance and gives due care to all groups of stakeholders both inside and outside the Company, such as the shareholders, employees, customers, suppliers and competitors with respect to their legal rights, as well as undertakes responsibility for the society and the public. The Board of Directors therefore stipulates a code of business ethics as guidelines for the Board of Directors, the management team and employees in their operations. It is the duty and responsibility of everyone to comply with this code. The synopsis is as follows: .

**Treatment of Employees:** The Company realizes the importance of every employee and set the clear and concrete policy regarding this matter as follows:

Compensation and welfare of the employee: The Company pays compensation with rate that is deemed proper, fair, consistent with the same business industry, and consistent with the Company's results of operation both short-term and long-term, as well as provides various welfare for instance, overtime, bonus, allowance, social security fund, and provident fund (Company's portion), healthcare, and annual leave.

Safety and Health: The Company stresses the importance of occupational health and safety by assigning a person directly responsible for Safety and Environment for the factories. There are measures to check the safety of workplaces on a regular basis. Fire extinguishers were installed and fire exits were established, and fire control demonstrations and fire drills were arranged every year for the factory and fire drills are participated for the head office. The operating manual for construction sites was formulated. The practices and statistics of accident, absence, or illness from work are disclosed. In 2014, there was no absence from work accident.

Developing Knowledge, Ability, and Potential of Employees: The Company has policy regarding development of the Company's personnel which forms part of the Corporate Governance with the guideline for practice as follows:

1. Conducting in-house training by the instructors who are expertizes in such topics for instance, Risk Management Training.
2. Promoting external training by sending out employees to attend courses with an objective to develop their professional knowledge and potential for instance, various accounting courses conducted by the Federation of Accounting Professions, or other private instructors.
3. Preparing employees manual which lays out rules and regulations required, and communicating to all employees
4. In addition, the Company values on the job training by having a supervisor giving knowledge and training necessary skills to new personnel of the Company.

**Treatment of Shareholders:** As mentioned in no. 1 Rights of Shareholders and no. 2 Equitable Treatment of Shareholders

**Treatment of Customers:** The Company stresses the importance of customer satisfaction and confidence by consistently providing customers with high quality products and services at reasonable prices while maximizing customers' benefits with integrity and honesty.

**Treatment of Competitors:** The Company competes fairly with all business competitors under the justified framework of complying with a good business competition practice with morality and not damaging the reputation of its competitors by making false accusations.

**Treatment of Creditors:** The Company has a policy relating to fair treatment and responsibility to the creditors by adhering to operating business with principle and discipline to build trust with the creditors. The Company strictly complies with the mutually agreed terms and conditions in settlement of the debt and interest thereon (if any) and full holds itself responsible for any collaterals. In case of any potential breach of the agreed terms and conditions, the Company will inform the creditors in advance to collectively find solutions.

**No Infringement of Intellectual Property or Copyright :** The Company values no Infringement of Intellectual Property or Copyright and setting the policy that all employees must respect the rights of the owner of the intellectual property or copyright, and must use of information and communication technology under the terms of the law and regulation of the Company With due care.

**Social and Public Responsibility:** The Company emphasizes the importance of the social and public responsibility through its compliance with laws and related regulations, management of environment issues, and adoption of safety measures for business operations. With regards to environment, the Company has determined measures to reduce environmental impact at the job sites and the maintenance yard. Furthermore, the Company has promoted the resources and energy saving campaign among employees through reduction in use of electricity, water, and fuel. The Company places importance on providing supporting activities to the community around the Head Office and Petchburi factory with key activities in 2013 such as providing monetary support for the Children's Day activities and other merit making ceremonies held in Nong Chumpon, Khao Yoi, Petchaburi.

All stakeholders may report or send complaints on the matters which may damage the Company, or if their rights are violated to the Board of Directors. In addition, the Company has Whistle Blowing policy whereby if anyone discovers any illegal or unethical acts, inaccurate financial reports or weak internal control systems, they can inform these through the Independent Directors and Audit Committee or Company's secretary. The Company will protect the informants by keeping their name as confidential. The Independent Directors and Audit Committee will then examine the submitted information and report it to the Board of Directors.

All stakeholders can communicate such matters to the Board of Directors through Independent Directors and Audit Committee via e-mail or through Company's Secretary via telephone, e-mail, or mail as detailed below:

*Through Independent Directors and Audit Committee*

Email: [chalit2000@gmail.com](mailto:chalit2000@gmail.com) or  
Email: [natayac@truemail.co.th](mailto:natayac@truemail.co.th) or  
Email: [ch\\_sahasakul@yahoo.co.th](mailto:ch_sahasakul@yahoo.co.th)

*Through Company's Secretary*

Tel: 66-2-685-3600 ext. 801    Email: [kamphol@thaicapital.co.th](mailto:kamphol@thaicapital.co.th) .  
Address:  
Thai Capital Corporation Public Company Limited  
87/2 CRC Tower Building,  
45<sup>th</sup> Floor, All Seasons Place, Wireless Road,  
Lumpini, Pathumwan, Bangkok 10330

#### 4. Disclosure and Transparency

The Company discloses all of its important information, both financial and non-financial, via the Company's website. This includes information about the organization, corporate governance policy, shareholding structure, structure of the Board of Directors and its Committees, as well as news inside and outside the organization, which is mostly available in Both Thai and English. Shareholders and investors are also provided easy access to the Company's website to download the Annual Report, the Annual Registration Statement (Form 56-1) and the financial statements. In addition, the Company sets up an investor relations unit to communicate with shareholders, investors, and securities analysts equally.

The Company values importance of the disclosure of information to investors so that they are provided with accurate and transparent information thoroughly. The Company therefore set the Investor Relations to be responsible for liaising with the investors and shareholders. The Investor Relations can be contacted at e-mail: [info@thaicapital.co.th](mailto:info@thaicapital.co.th) or at:

1. Kamphol Patana-anukul, Tel: 66-2-685-3600 ext. 801 Email: [kamphol@thaicapital.co.th](mailto:kamphol@thaicapital.co.th) or
2. Weeravan Boonkanokwong, Tel: 66-2-685-3600 ext. 203 Email: [Weeravan@thaicapital.co.th](mailto:Weeravan@thaicapital.co.th)

#### 5. Responsibilities of the Board of Directors

The Board of Directors comprises 8 directors with 3 Independent Directors, 2 Executive Directors, and 3 Non-Executive Directors. The structure of the Board of Directors consists of directors with extensive knowledge and experience in various fields relating to the Company's business, e.g. accounting, finance and banking, marketing, economics, corporate governance and engineering. The Board of Directors directly appoints 4 sub-committees being Audit Committee, Nomination and Remuneration Committee, Executive Committee, and Risk Management Committee. All sub-committees have a scope of authority, responsibility and qualifications as specified by the Board of Directors and report directly to the Board on a quarterly basis. The Independent Directors also regularly hold a meeting with no participation from the Company's executive management.

The Board of Directors approves the Company's vision, mission and income projection of the following year as well as an annual investment budget. The Board of Directors also revises standards of corporate governance, code of business ethics for Directors, Executives, and employees, risk management policy and transactions that may cause conflicts of interest (if any), and expresses opinions on the adequacy of the internal control system. Board of Directors, sub-committees, and individual Director will perform self-assessment on his/her operating performance. Policy and criteria on payment of directors' remuneration are determined by the Board of Directors and approved by the shareholders. Considerations for remuneration are based on comparison with the industry and the Company's operating results. The Board of Directors also sets remuneration for sub-committees except for the Executive Committee member and Risk Management Committee member which receives compensation as the Company's employee.

#### Chairman of the Board of Directors

The Board of Directors select Chairman of the Board of Directors from the Director but must not be the same person as the Chief Executive Officer or Managing Director. Their roles are clearly segregated where the Chairman of the Board of Directors does not take part in the day-to-day operation and is not a member of any committee of specific matters. The roles related to policies, follow-up and appraisal, and management are segregated. The Chairman of the Board of Directors must exhibit strong leadership and play the key role in ensuring the efficient operation of the Board of Directors, is independent from the management, assists in determining the smooth running of the meeting of the Board and the Shareholders' meeting, and ensuring that the Directors abide by the Corporate Governance Policy and the Code of Business Ethics, and perform duties independently under the policies established by the Board of Directors.

#### Board of Directors Meetings

The Board of Directors will determine the dates of its meetings over a year in advance, as well as set a clear agenda to be discussed each month. Special meetings (urgent) will be held if the need arises. The Board received copies of their invitations, minutes of meeting drafts, and information pertaining to agenda items at least 5 days before each meeting was held.



The Chief Executive Officer and Managing Director are normally responsible for setting the Meeting Agenda. However, Directors are entitled to make suggestions as well. High-level Executives and members of management are invited to attend the meetings and provide useful information directly to the Board. Exceptions to this are when agenda items concern specific issues related to special committees, which need to be given independent consideration or meeting for Non-Executive Directors.

The Chairman is responsible for and presides over meetings, providing every Director with an opportunity to openly voice his/her opinions. Meeting resolutions are then decided by a majority vote. Each Director is entitled to one vote except for anyone who has conflicts of interest with the agenda item being discussed. In the event that the final vote ends in a tie, the Chairman will cast the deciding vote. After the conclusion of the meeting, the Company Secretary is responsible for preparing the meeting minutes and presenting them at the following meeting for approval.

### **Policy and practice on Holding Director Position in Other Companies**

Directors as well as Executives being Chief Executive Officer, Managing Director, and Executive Vice President must not operate the same business and being in a significant competition with the Company, or holding ownership or being a Director in a partnership or a private company or other institution that operate same business as the Company's or being in competition with the Company, regardless of whose benefit from such actions; himself/herself or others unless he/she notifies such information to the shareholders before the appointment. And in order to comply with good governance guideline, Directors, Executives being Chief Executive Officer, Managing Director, and Executive Vice President shall not hold Director Position in more than 5 listed companies or limited companies established under the Public Limited Company Act B.E.2535 or Civil and Commercial Code. And the Directors must notify the Company immediately for any direct or indirect interests in the Company's business operation or changes in ownership of the Company's or related companies' shares or securities.

### **Directors and Executives Development**

The Company values the importance of Directors and Executives Development and has a policy to continually develop knowledge and ability as follows:

New Director The Company conducts orientation for the new Director of the Company and meeting with the Executives so that the Director and inquire on the extensive information related to Company's business and related rules and regulations.

Existing Director Directors are knowledgeable, skilled, and they are constantly seeking more information about developments in the Company's industry. The Company is supportive in providing extra training to Directors to help them better perform their duties such as the training courses conducted by the Thai Institute of Directors ("IOD") or other courses relevant to the Company's business. Majority of the Company's Directors have completed the essential training courses conducted by IOD.

Details of training courses attended by each Director in 2014 are as follows:

<b>First Name- Family Name</b>	<b>Position</b>	<b>Training Courses Attended in 2014</b>
Mr. Chalit Limpanavech	Independent Director and Chairman of the Audit Committee	- CG Forum 3/2014: Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight
Ms. Nataya Ouivirach	Independent Director Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee	- CG Forum 3/2014: Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight
Mr. Boon-anant Srikhao	Authorized Director Member of the Executive Committee Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee	- CG Forum 3/2014: Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight  - Coaltrans Asia 2014 (Indonesia)

## **Performance Assessment of the Board of Directors**

The Company requires the annual performance evaluation of the Board of Directors. These reviews are made to assess the working operations, problems and obstacles that had been dealt with over the year. Two types of assessment are performed: assessments on the Board as a whole including all sub-committees (Audit Committee, Nomination and Remuneration Committee, Executive Committee, and Risk Management Committee), and individual self-assessments. The self assessment guideline prepared by the SET, which is deemed appropriate by the Board of Directors, is used. The 6 key topic of the assessments are as follows:

1. Structure and Qualification of the Board of Directors/Committee
2. Roles, Duties, and Responsibilities of the Board of Directors/Committee
3. Meeting of the Board of Directors/Committee
4. Acting on Duties of the Board of Directors/Committee
5. Relationship with the Management
6. Self Development of the Directors and Executives



## Supervision of Inside Information Usage

The Company has a strict policy on supervision of inside information usage and has a written policy on this matter in the Code of Business Ethics for Directors, Executives, and Employees disclosed in the Annual Report and the Company's website and requires Director, Executive, and Employee to comply. The Company's guidelines on this policy are as follows.

1. It is an obligation of Directors, Executives, and employees to acknowledge the announcement published by SEC which requires Directors and Executives to prepare the report on changes of their ownerships of the Company's stock to SEC, in accordance with Section 59 of the Securities and Securities Exchange Act B.E.2535, within 3 days after buying, selling, or transferring of those stocks. An information must be copied to the Company Secretary to prepare a summary of the information of each Director and Executive and report to the Board of Directors for acknowledgement in the Board of Directors' meeting. In addition, penalty for violating or not complying with such regulation is informed to the Directors, Executives, and employees.
2. The Company prohibits its Directors, Executives, and Employees to disclose financial information or other information of the Company which may have an impact on Company's stock price to outsiders. Directors, Executives, and Employees must stop buying or selling of the Company's stock 1 month prior to the day that the Company discloses of Company's financial statements or other related information to general public and must not buy or sell Company's stock until after 24 hours after such disclosure. Violation of this regulation will result in penalty the Company deems appropriate which includes, but not limited to, cooperating with relevant supervisory agencies to undertake necessary legal actions.

The mentioned guideline has been approved by the Board of Directors.

The details of change in ownerships of the Company's stock of Directors and top Executives in 2014 are as follows:

First Name-Family Name	Position	Ownership of Stock		
		No. of share held as of January 1, 2014	Changes during the year	No. of share held as of December 31, 2014
Directors				
1 Mr. Munsin Chaivikrai	Chairman of the Board of Directors	-	-	-
2 Mr. Chalit Limpanavech	Independent Director and Chairman of the Audit Committee	-	-	-
3 Ms. Nataya Ouivirach	Independent Director Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee	-	-	-
4 Mr. Charoenchai Chaivikrai	Chief Executive Officer Director Chairman of the the Executive Committee Chairman of the Risk Management Committee and Member of the Nomination and Remuneration Committee	-	-	-
5 Mr. Chaipat Sahasakul	Independent Director Member of the Audit Committee and Member of the Nomination and Remuneration Committee	-	-	-
6 Ms. Yupin Chaivikrai	Director	145,530,000	-	145,530,000
7 Mr. Kittisak Chaivikrai	Director	-	-	-
8 Mr.Boon-anant Srihao	Executive Vice President Director Member of the Executive Committee Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee	423,652	-	423,652
Executives				
1 Mr. Kamphol Patana-anukul	Chief Financial Officer	-	-	-

# **Internal Controls and Risk Management**

## **Board of Directors' Evaluation on Company's Internal Controls**

At the Board of Director Meeting No. 3/2015 held on 23 March 2015, in which the Independent Director and 3 members of the Audit Committee was also in attendance, the Board of Directors assessed the adequacy of internal control system of Year 2014 based on the Audit Committee's report duly considered at the Meeting No. 2/2015 held on 13 March 2015 which the Audit Committee has reviewed the assessment form of Year 2014 and considered the reports of the Internal Audit Department and the external auditor. The auditor has mutually agreed that no significant operational faults were identified in 2014. The Board of Director deemed that the internal control system of the Company was appropriate and adequate. However, the Audit Committee has adopted policy to improve company' internal control system for higher standard.

## **Opinion of the Audit Committee where it Differs from the opinion of the Board of Directors**

-None-

## **Chief of the Internal Audit Operation**

The Company has realized the importance of the internal control system. The Company has appointed an external audit office, BK-IA&IC Co., Ltd. to audit the Company since the second half of 2007 until now to review and assess company's internal control system. After due consideration of the qualifications of BK-IA&IC Co., Ltd., the Audit Committee opined that the firm was qualified for performing such duties as the firm has demonstrated independence and experiences in audits more than 10 years. Furthermore, the Company appointed Mr. Kamphol Patana-anukul to coordinate with such outsource auditor.

The consideration on appointment, transfer, and terminate the internal auditor must be approved by the Audit Committee.

The key roles and responsibilities of BK-IA&IC Co., Ltd. (Independent Internal auditor) is as follows:

- Prepare an annual audit plan
- Review and provide recommendation to the Company regarding proper internal control
- Prepare Internal Audit Report according to the plan and report to the Audit Committee on a quarterly basis
- Assess risk and adequacy of internal control and report to the Audit Committee
- Ensure that the Company complies with the rules and regulation issued by SET and SEC.

In 2014, based on the result of internal audit, which was consistent with the opinion of the Company's external auditor, there was no significant implications noted in 2014 and that the Company adopted an adequate and appropriate internal control system.

# Audit Committee's Report

Audit Committees of Thai Capital Corporation Public Company Limited ("the Company") comprised 3 independent directors being Mr. Chalit Limpanavech, Chairman of the Audit Committee Ms. Nataya Ouivirach and Mr. Chaipat Sahasakul, as members of the Audit Committee. All members of Audit Committee fully expertise in accounting, finance, market and management.

Audit Committees conducted duties and responsibilities assigned by Board of Directors. During the year 2014, the audit committees held 6 meetings which were attended by all members. In addition, Audit Committee had meetings with top managements, internal auditors and external auditors with the significant reviews as follows:-

**Reviewed financial statements:** the committee reviewed the reliability of financial statements and suitability of accounting principles for quarterly and annual financial statements for the year 2014 with the auditor and management to ensure that the quality evaluation results in its financial report is appropriately prepared and complied with generally accepted accounting standard. Financial information and statements are accurately reliable and disclosed properly and accurately on timely basis as per related regulations. This includes the consideration on adoption of new Thai Accounting Standards ("TAS"), new Thai Financial Reporting Standards ("TFRS"), new Thai Standard Interpretations ("TSIC") and new Thai Financial Reporting Interpretations ("TFRIC") which may have an impact on the Company's Accounting's policy. Additionally, the Audit Committee had a separated private meeting with external auditor without the presence of executive management to ensure that external auditor performed an independent process.

**Reviewed related transactions:** the committee reviewed the disclosure of the Company's and its subordinated company's related transactions which might cause the conflict of interest among stakeholders. The result was that the related transactions were complied with ordinary business practices and good governance regulation of SET.

**Reviewed the internal control operation:** the committee reviewed the suitability of the internal control in 2014 and considered the reports of the Internal Audit and the external auditor. The auditor expressed an opinion of similar fashion that no significant deficiencies were identified in 2014. In conclusion, the internal control of the Company was reasonable adequate. However, the Audit Committee will ensure that the Company will continue to improve its internal control.

**Monitored the internal audit:** The committee considered and approved scope and plan of the internal audit for 2014, and considered results thereon. The internal auditor directly reported to the Audit Committee for the independency of the Internal Auditor.

**Review of risk management:** The committee revisited with the management on risk management process of the Company, follow up on the process, propose the Company on the efficient way of the risk management process to ensure that the Company continuously maintains the risk management and consider preventive method and manage significant risks of the business both current and in the future as well as determine the way to improve the process.

**Ensure the Company complies with the rules and regulations of SET and other related regulations:** Additionally, the committee reviewed the Company to follow the regulations of SEC and SET and the other regulation related to its business regularly for the maximum of the effectiveness and the efficiency. It also included the business conduct to stakeholders with the purpose of fairness, transparency and good governance to create the reliability to all investors and stakeholders.

**Consider the elections of the auditors of the Company:** The committee considered the elections of the auditors for year 2015 by reviewing the qualification, professional experiences, and the appropriateness of audit fee and has a resolution to propose to Board of Directors to ask for the approval of AGM 2014 to appoint Mr. Prawit Viwanthananut, CPA License no. 4917, or Mr. Terdthong Thepmungkorn, CPA License no. 3787, or Mr. Bunjong Pichayaprasat, CPA License no. 7147, or Mr. Kraisit Silapamongkonkul, CPA License no. 9429 of PV Audit Co., Ltd. or other auditors of the same firm as the auditor for 2015 of the Company and its subsidiary.

13 March 2015

On behalf of the audit committee



Mr. Chalit Limpanavech  
Chairman of Audit Committee

# Dividend Policy

## **Thai Capital Corporation Public Company Limited**

The Company has the policy to pay out at least 40 % of net profit after tax (of the separate financial statement) as dividend. The rate may be adjusted as deemed appropriate, considering that there are no other requisites and that the payment has no significant effect on the normal operation of the company.

## **Subsidiaries**

Theco Sales Co., Ltd. - subsidiary held by Company 99.99%

The Company does not have a fixed dividend policy, and therefore the dividend payment is considered based on its financial performance in each year and resolutions of Annual General Shareholders' Meeting ("AGM"). Theco Sales Co.,Ltd. as at 31 December 2014 was not in a position to pay dividends because company has ceased the air conditioning business since quarter 3/2008 which resulted in no business operation and profit.

Thai Capital Corporation (Guangzhou) Co., Ltd. - subsidiary held by Company 100%

The Company does not have a fixed dividend policy, and therefore the dividend payment is considered based on its financial performance in each year and resolutions of AGM. Thai Capital Corporation (Guangzhou) Co., Ltd. as at 31 December 2014 was not in a position to pay dividend because company had no profit.

P.T. Thai Capital Indo Mining Co., Ltd. - subsidiary held by Company 99.83%

The Company does not have a fixed dividend policy, and therefore the dividend payment is considered based on its financial performance in each year and resolutions of AGM. P.T. Thai Capital Indo Mining Co., Ltd. as at 31 December 2014 was not in a position to pay dividends because company had no profit.

## Connected Transactions

In doing business, the Company has related-party transactions with its subsidiary. Information and details of the related-party transactions are disclosed in Note 4 of the Financial Statements for the Year Ended December 31<sup>st</sup>, 2014 and additionally disclosed the comparative connected transactions for the year ended December 31<sup>st</sup>, 2014 as follows:

Individual/Corporation with Potential Conflict	Relationship	Nature of Transactions	Amount (Million Baht)		Rationale
			2014	2013	
Far East Knitting Industry Co., Ltd. ("Far East")  (the shareholders of Far East are Chaivikrai group which is the major shareholder of the Company)	<b>1. Mr. Munsin Chaivikrai</b> - Hold Director Position in the Company  - Hold Director Position and shares in Far East for 28.66% <b>2. Mr. Charoenchai Chaivikrai</b> - Hold Director Position in the Company  - Hold Director Position and shares in Far East for 28.00% <b>3. Mr. Kittisak Chaivikrai</b> - Hold Director Position in the Company  - Hold Director Position and shares in Far East for 15.33% <b>4. Ms. Yupin Chaivikrai</b> - Hold Director Position and shares in the Company for 12.11%  - Hold shares in Far East for 4.00% <b>5. Ms. Pornpin Chaivikrai</b> - Hold shares in the Company and Far East for 13.20% and 4.00%, respectively <b>6. Ms. Sopin Chaivikrai</b> - Hold shares in the Company and Far East for 14.30% and 4.00%, respectively <b>7. Mr. Kridsana Chaivikrai</b> - Hold shares in the Company and Far East for 3.50% and 5.33%, respectively <b>8. Ms. Paninee Chaivikrai</b> - Hold shares in the Company and Far East for 3.70% and 2.67%, respectively <b>9. Ms. Krittaporn Chaivikrai</b> - Hold shares in the Company and Far East for 3.70% and 2.67%, respectively	1. Revenue from Sales  2. Trade Receivables	35.65  18.44	32.61  9.75	The Company sold coal to Far East to use in a normal business operation. The selling prices were quoted using Cost plus margin and was in line with market prices.

On March 13<sup>th</sup>, 2015, the Audit Committee considered the connected transactions for the year ended December 31<sup>st</sup>, 2014 and expressed its opinion that such transactions were for the normal business operation of the Company and applied normal commercial terms in the same fashion as what ought to be done by a reasonable person in the similar situation, and were done on an arm's length basis. There was no transfer of benefits between the company and individuals with potential conflict of interest.

## **Measures or Procedures on the Approval of the Connected Transactions**

The Board of Directors has supervised the Company to ensure compliance with the Securities and Securities Exchange Act, rules, notifications, orders, or regulations prescribed by SET including the regulations regarding the disclosure of information on the connected transaction and the acquisition or disposition of the Company's asset.

If the Company enters into a connected transaction with person who may have conflict, interest, or may cause conflict of interest in the future, the Audit Committee shall advise on the necessity of the transaction and suitability of its price. The advice would base on the terms and conditions of the normal business practice in the market and the price would be compared with the market price. In case that the Audit Committee does not have skill to consider the particular connected transaction, the Company shall appoint the independent expert or the Company's external auditor to provide comments on that transaction to be used for the decision of the Board of Directors, and/or the Audit Committee and/or the shareholders whatever the case may be. The Company shall disclose the connected transactions in the note accompanying the financial statements that are audited or reviewed by the Company's external auditor.

The Company has complied with the regulations of SET and its amendments regarding the connected transaction and/or the acquisition and disposition of asset of the listed company as well as the disclosure of information to the Company's shareholders, general investors, and relevant agencies including SET. The regulations also include the approval from the Board of Directors' Meeting and/or The meeting of shareholders as prescribed by SET. In addition, directors or shareholders who have conflicts of interest or participate in such transactions do not have the right to vote in the decision making process.

## **Policy or Trend on the Connected Transaction Including the Acquisition and Disposition of Asset in the Future**

The company set a policy for connected transactions in the future that they must be done in accordance with the normal business operations of the Company. No unfair transfer of the Company's benefit to shareholders, Board of Directors, or other related parties.

The Audit Committee will consider the reasonableness of the transaction and the pricing conditions and terms of the transaction that they are in line with normal business of the Company and the prices are comparable with outsiders. Party with conflict of interest will not involve in the approval of such transactions. The audit committee will approve the transactions and propose to the Board of Directors for further approval.

The Board of Directors Will comply with the regulations relating to Securities and and Securities Exchange, or regulations of SET as well as the regulations relating to the disclosure of information about the connected transaction, the acquisition or disposition of core assets of the Company or its subsidiary, and Accounting Standards set by the Federation of Accounting Professions. The Company will disclose the transactions in the notes to the financial statements which are audited by the statutory auditors.

## **Report of the Board of Directors' responsibilities for financial statements**

The Board of Directors of Thai Capital Corporation Public Company Limited has provided The financial statements showing the Company's financial position and business Operation result for the year 2014 under the Public Limited Companies Act B.E.2535 (A.D. 1992) and Rules and Regulations of SET. The Board of Directors is responsible for the company financial statements presented in this annual report. The Board of Directors confirms that the aforementioned financial statements are in accordance with Thai Generally Accepted Accounting Principles, Using appropriate accounting policy consistently employed by the Company as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

The Board of Directors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and uncover weaknesses in order to prevent fraud or materially irregular operations.

The Company's financial statement was audited by external auditor of PV Audit Co., Ltd. In auditing process, managements provided the information and documents to support auditor for reviewing and express an opinion in accordance with Thai Standards on Auditing, whose comments are readily included in the Auditor's Report in this annual report.

The Board of Directors has appointed an Audit Committee, which consists of non-Executive Directors responsible for the quality of financial statements, internal control system and law compliance, whose comments are readily included in the Audit Committee Report in this annual report

From the above procedures, The Board of Directors is of the opinion that the financial statements presented fairly, in all material respects, the consolidated and separate financial statements for the year ended December 31, 2014 in accordance with Thai Financial Reporting Standards.



Mr. Munsin Chaivikrai  
Chairman of the Board



Mr. Charoenchai Chaivikrai  
Chief Executive Officer



# MD&A of Financial Positions and Operating Result

## Financial performance

The consolidated and separate financial statements of Company and its subsidiaries for the year ended December 31 2014 was audited by Mr. Kraisit Silapamongkonkul CPA License No.9429 which expressed an unqualified opinion. The financial statement presents fairly, in all material respects, the consolidated financial position of Company and its subsidiaries as at December 31, 2014, and its financial performance and cash flows for the year ended in accordance with Thai Generally Accepted Accounting Principles.

The consolidated and separate financial statements of Company and its subsidiaries for the years ended December 31 2013 and 2012 were audited by Ms.Thittraporn Klinklao CPA License No.3726 which expressed an unqualified opinion. The financial statements present fairly, in all material respects, the consolidated financial position of Company and its subsidiaries as at December 31, 2014 and 2013, and its financial performance and cash flows for the year ended in accordance with Thai Generally Accepted Accounting Principles.

## Overall Performance Overview

### Thai Capital Corporation Public Company Limited and its subsidiaries Statements of Comprehensive Income

Unit : Million Baht

	2555	%	2556	%	2557	%
Revenues from sales	1,021.34	100.00%	929.47	100.00%	1,593.21	100.00%
Cost of sales	905.47	88.66%	829.45	89.24%	1,392.17	87.38%
<b>Gross Profit</b>	<b>115.87</b>	<b>11.34%</b>	<b>100.02</b>	<b>10.76%</b>	<b>201.04</b>	<b>12.62%</b>
Other income	8.28	0.81%	12.16	1.31%	11.27	0.71%
Selling expenses	(76.41)	(7.48%)	(93.61)	(10.07%)	(131.43)	(8.25%)
Administrative expense	(37.04)	(3.63%)	(93.84)	(10.10%)	(43.50)	(2.73%)
Financial costs	(5.99)	(0.59%)	(0.04)	(0.00%)	(0.01)	(0.00%)
Tax income (expense)	(5.38)	(0.53%)	0.87	0.09%	(9.60)	(0.60%)
<b>Net Profit (loss) for the year from continuing operations</b>	<b>(0.67)</b>	<b>(0.07%)</b>	<b>(74.44)</b>	<b>(8.01%)</b>	<b>27.77</b>	<b>1.74%</b>
Net Profit (loss) for the year from discontinued operations	4.18	0.41%	21.59	2.32%	0.00	0.00%
<b>Net Profit (loss) for the year</b>	<b>3.51</b>	<b>0.34%</b>	<b>(52.85)</b>	<b>(5.69%)</b>	<b>27.77</b>	<b>1.74%</b>
Net profit (loss) attributable to minority interest	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Net profit (loss) attributable to Equity holders of the parent</b>	<b>3.51</b>	<b>0.34%</b>	<b>(52.85)</b>	<b>(5.69%)</b>	<b>27.77</b>	<b>1.74%</b>
Basic earnings (loss) per share	0.004		(0.046)		0.023	
Diluted earnings (loss) per share	0.003		(0.043)		0.020	

**Thai Capital Corporation Public Company Limited and its subsidiaries**  
**Statements of Financial Position**

Unit : Million Baht

	2555	%	2556	%	2557	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	165.67	18.41%	165.9	17.59%	44.93	4.82%
Current investments	8.22	0.91%	130.05	13.79%	322.36	34.57%
Trade account receivables, net	145.11	16.13%	164.6	17.45%	153.64	16.48%
Other short-term loan	-	0.00%	-	0.00%	2.00	0.21%
Inventroy, net	268.09	29.80%	196.28	20.81%	136.13	14.60%
Other current assets	16.95	1.88%	0.29	0.03%	0.19	0.02%
<b>Total current assets</b>	<b>604.04</b>	<b>67.13%</b>	<b>657.12</b>	<b>69.68%</b>	<b>659.25</b>	<b>70.70%</b>
<b>Non-current assets</b>						
Restricted investments	135.84	15.10%	135.84	14.41%	135.84	14.57%
Property, plant and equipment, net	141.72	15.75%	130.63	13.85%	123.39	13.23%
Intangible asset, net	1.64	0.18%	1.27	0.13%	5.81	0.62%
Deferred tax assets	15.68	1.74%	16.55	1.76%	6.95	0.75%
Other non-current assets	0.86	0.10%	1.60	0.17%	1.28	0.14%
<b>Total non-current assets</b>	<b>295.74</b>	<b>32.87%</b>	<b>285.89</b>	<b>30.32%</b>	<b>273.27</b>	<b>29.30%</b>
<b>Total assets</b>	<b>899.78</b>	<b>100.00%</b>	<b>943.01</b>	<b>100.00%</b>	<b>932.52</b>	<b>100.00%</b>

Unit : Million Baht

	2555	%	2556	%	2557	%
<b>Liabilities</b>						
<b>Current liabilities</b>						
Short-term loan from financial institution	9.66	1.07%	-	0.00%	-	0.00%
Trade and other payables	81.38	9.04%	108.14	11.47%	61.58	6.60%
Short-term loan from related party	-	0.00%	0.04	0.00%	-	0.00%
Other current liabilities	0.60	0.07%	0.64	0.07%	0.42	0.05%
<b>Total current liabilities</b>	<b>91.64</b>	<b>10.18%</b>	<b>108.82</b>	<b>11.54%</b>	<b>62.00</b>	<b>6.65%</b>
<b>Non-current liabilities</b>						
Employee benefit obligation	0.86	0.10%	1.12	0.12%	2.25	0.24%
<b>Total non-current liabilities</b>	<b>0.86</b>	<b>0.10%</b>	<b>1.12</b>	<b>0.12%</b>	<b>2.25</b>	<b>0.24%</b>
<b>Total liabilities</b>	<b>92.50</b>	<b>10.28%</b>	<b>109.94</b>	<b>11.66%</b>	<b>64.25</b>	<b>6.89%</b>
<b>Shareholders' equity</b>						
Authorized share capital	784.49	-	881.49	-	881.49	
Paid-up share capital	470.85	52.33%	592.01	62.78%	601.02	64.45%
Premium on ordinary shares	90.63	10.07%	168.59	17.88%	172.66	18.52%
Advanced receipts for share subscription	121.84	13.54%	1.98	0.21%	-	0.00%
Retained earnings	123.96	13.78%	71.12	7.54%	98.89	10.60%
Other component of shareholders' equity	-	0.00%	(0.63)	(0.07%)	(4.30)	(0.46%)
<b>Total shareholders' equity</b>	<b>807.28</b>	<b>89.72%</b>	<b>833.07</b>	<b>88.34%</b>	<b>868.27</b>	<b>93.11%</b>
<b>Total liabilities and shareholders' equity</b>	<b>899.78</b>	<b>100.00%</b>	<b>943.01</b>	<b>100.00%</b>	<b>932.52</b>	<b>100.00%</b>

### Thai Capital Corporation Public Company Limited and its subsidiaries Statements of Cash Flows

Unit : Million Baht

	2555	2556	2557
Net Cash Provided from Operating Activities	170.67	45.80	62.81
Net Cash Provided (Used) from Investing Activities	(83.20)	(114.59)	(191.17)
Net Cash Provided from financing Activities	29.32	69.65	11.05
Exchange differences on translating financial statements	-	(0.63)	(3.66)
<b>Cash and Cash Equivalent Increase(Decrease), Net</b>	<b>116.79</b>	<b>0.23</b>	<b>(120.97)</b>
Cash and cash equivalents at beginning of the year	<b>48.88</b>	<b>165.67</b>	<b>165.90</b>
Cash and cash equivalents at end of the year	<b>165.67</b>	<b>165.90</b>	<b>44.93</b>

## Financial Ratio

	Unit	2555	2556	2557
<b>Liquidity Ratio</b>				
Current ratio	Times	6.59	6.04	10.63
Quick ratio	Times	3.67	4.23	8.44
Cash Flows liquidity ratio	Times	0.97	0.46	0.74
Account receivable turnover	Times	5.60	6.00	10.01
Collection period	Days	65.18	60.83	36.46
Inventory turnover	Times	2.76	3.57	8.38
Average number of days sales	Days	132.25	102.24	43.56
Account payables turnover	Times	8.34	8.75	16.41
Payment period	Days	43.76	41.71	22.24
Cash Cycle	Days	153.67	121.36	57.78
<b>Profitability Ratio</b>				
Gross profit (loss) margin	%	11.34	10.76	12.62
Operating profit (loss) margin	%	(0.00)	(0.08)	0.02
Other revenue margin	%	0.01	0.04	0.01
Cash flows from operating activities-to-net profit	%	(254.73)	(0.62)	2.26
Net profit (loss) margin	%	0.34	(5.69)	1.74
Return on Equity - ROE	%	0.43	(6.44)	3.26
<b>Efficiency Ratio</b>				
Return On Assets – ROA	%	0.39	(5.74)	2.96
Return On Fixed Assets	%	2.48	(38.81)	21.86
Total Assets Turnover	Times	1.14	1.02	1.71
<b>Financial Policy Ratio</b>				
Total debt-to-total assets ratio	Times	0.10	0.12	0.07
Debt to Equity ratio	Times	0.11	0.13	0.07

## Overview of Operating Results

Significant change in the operating results in 2014 was an increase in revenue and net profit from the previous year, which had net loss, mainly due to adjustments in Company's marketing strategies and improved internal control, including customer selection process.

### Operating Results for the Past Year

#### Revenue

Company had revenue from sales for 2014 of 1,593.21 Million Baht, increasing from previous year by 663.7 Million Baht or 71.4%.

#### Cost of sales and Expenses

Company had cost of sales in 2014 of 1,392.17 Million Baht, increasing from previous year by 562.72 Million Baht or 67.84 %. Gross margin for 2014 of 12.6% increased from 10.8% of previous year.

Selling expenses for 2014 totaled 131.43 Million Baht, increasing from previous year by 37.82 Million Baht or 40.4%, largely due to an increase in revenue from sales. However, when compared to revenue from sales, selling expenses of 2014 were 8.25% which were lower as compared to 10.07% of previous year.

Administrative expenses for 2014 totaled 43.50 Million Baht, decreasing from previous year by 50.34 Million Baht or 53.64%, largely due to various one-off expenses incurred in previous year namely allowance for doubtful debts, tax penalty from the discontinued operations, etc. totaling 53 Million Baht. Company did not have such expenses in this year.

Company had tax expense for 2014 totaled 9.60 Million Baht because Company had net taxable profit for 2014. In previous year, Company had net taxable loss, therefore, tax income amount 0.87 Million Baht was recorded.

In previous year, Company had profit from discontinued operations totaled 21.59 Million Baht which is revenue from refund of value added tax of former business. No such revenue was earned in 2014.

#### Net profit

Company had net profit from operating for 2014 of 27.77 Million Baht , increasing from previous year which had net loss 52.85 Million Baht, by 80.62 Million Baht or 152.54%. Earning per share is 0.023 Baht/share.

#### Return on Equity

For 2014, return on equity's company and its subsidiaries is 3.20%, increasing from 2013 which is -6.44%

## Financial Position

#### Assets

Total Assets in the year 2014 amounting to 932.52 Million Baht, decreasing from previous year by 10.49 Million Baht, due to the following factors:

- Cash	Decrease	(120.97) Million Baht
- Current investments	Increase	192.31 Million Baht
- Trade account receivables, net	Decrease	(10.96) Million Baht
- Inventories, net	Decrease	(60.15) Million Baht
- Deferred tax assets	Decrease	(9.60) Million Baht

Cash and current investment increased mainly from short-term investment in open-ended fund with cash in-flow received from sales and the exercises of Warrants. For trade accounts receivable and inventory, they decreased due to normal sales.

### **Liabilities and Shareholders' equity**

Total amount Liabilities in the year 2014 was 64.25 Million Baht, which decreased from previous year by 45.69 Million Baht with the main factor being a decrease in trade account payables 46.56 Million which was majorly coal suppliers. In term of payment period, the company paid suppliers faster than that of previous year by 19 days.

Shareholders' Equity as at 31 December 2014 was 868.27 Million Baht, which increased from previous year by Baht 35.20 Million mainly due to the net offset of cash received from exercises of Warrants during the year which resulted in an increase in shareholders' equity 11.10 Million Baht, net profit for the year which increase shareholders' equity by 27.77 Million Baht, and exchange differences on translating financial statements which resulted in a decrease in shareholders' equity by 3.67 Million Baht.

### **Liquidity**

Company had high liquidity as the mentioned in the part of Financial Ratio Analysis.

### **Sources of Capital**

As at 31 December 2014, the capital structure comprised total liabilities amounting to 64.25 Million Baht and shareholders' equity amounting to 868.27 Million Baht or calculated as debt to equity ratio of 0.07 times.

## **Financial ratio analysis**

### **Significant Liquidity ratio**

#### **Current ratio**

In 2014, Company's current ratio was 10.63 times, increasing from previous year which of 6.04 times due to a decrease in trade and other payables as at 31 December 2014 when compared with previous year because Company's debt payment ability was faster than previous year by 19 days.

#### **Collection period**

In 2014, Company's collection period equaling to 36.46 days, faster than previous year 24 days due to adjustments in Company's collection strategies. The collection period was in line with normal credit term which was 30-60 days.

#### **Average number of days sales**

In 2014, Company's average number of days sales equaling to 43.56 days, faster than previous year 59 days due to the inventory management process.

#### **Payment period**

In 2014, Company's payment period equaling to 22.24 days, faster than previous year by 19 days because Company's debt payment ability was faster than previous year which was consistent with the average number of days sales and collection period.

### **Significant Profitability ratio**

#### **Gross profit margin**

In 2014, Company had gross profit margin of 12.62%, increasing from previous year of 10.76% due to adjustments in Company's marketing strategies and continuous reduce cost as mentioned in profit and cost of sales analysis.

#### **Net profit margin**

In 2014, Company had net profit margin of 1.74%, improving from previous year with net loss margin of 5.69% due to an increase in revenue, and a decrease in cost of sales and expenses as above mentioned.

#### **Return on Equity**

In 2014, Company had return on equity of 3.25%, improving from previous year of -6.44% due to operating results as above mentioned.

## **Significant Efficiency ratio**

### **Return on Assets**

In 2014, Company had return on assets of 2.96%, increasing from previous year of -5.74% due to operating results as above mentioned.

## **Significant Financial ratio**

### **Debt to Equity ratio**

In 2014, Company had debt to equity of 0.07 times, decreasing from previous year of 0.13 times due to decreasing in trade account payables result in fast debt payment and increasing in shareholders' equity due to net profit and exercising of Warrants during the year 2014.

## **Factor or situation possibly affecting significantly on the Company financial position or business operation in the future.**

### **1. Coal price fluctuations**

World oil price is one of significant factors which may affect to coal price and it tends to continue to fluctuation which can affect coal purchasing price and selling price in the future.

### **2. Exercises of Warrants**

If warrant holders exercise TCC-W2, TCC-W3 and TCC-W4 result in increasing in capital for investment and normal operation.

## **Remuneration of Auditor**

### **Audit Fee**

In 2014, Company paid audit fee for auditor of PV Audit Co.,Ltd. amounting 1,100,000 Baht (Company and its subsidiaries), excluding other auditing expenses such as travelling expenses, stamp etc.

### **Non-Audit Fee**

Company did not pay Non-Audit Fee for auditor and related individual.



# **Independent Auditor's Report**

## **To the Board of Directors and Shareholders of Thai Capital Corporation Public Company Limited**

I have audited the accompanying consolidated financial statements of Thai Capital Corporation Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the accompanying separate financial statements of Thai Capital Corporation Public Company Limited which comprise the separate statement of financial position as at December 31, 2014, and the separate statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **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 present fairly, in all material respects, the consolidated financial position of Thai Capital Corporation Public Company Limited and its subsidiaries as at December 31, 2014, and their financial performance and cash flows for the year then ended, and the separate financial position of Thai Capital Corporation Public Company Limited as at December 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Other Matters**

The consolidated financial statements of Thai Capital Corporation Public Company Limited and its subsidiaries and the separate financial statements of Thai Capital Corporation Public Company Limited for the year ended December 31, 2013 which have been presented herewith for comparative information were audited by another auditor, whose report dated February 25, 2014, expressed an unqualified opinion with emphasis of matter relating to the result of adoption of Thai Accounting Standard No. 12, "Income Taxes".



Kraist Silapamongkonkul  
Certified Public Accountant  
Registration Number 9429

PV Audit Co., Ltd.  
Bangkok, February 26, 2015

# Financial Statements

## THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Assets</b>	<b>3</b>				
<b>Current assets</b>					
Cash and cash equivalents	5	44,930,488.35	165,904,735.00	32,009,132.76	150,946,045.85
Current investments	6	322,360,028.11	130,048,509.48	322,360,028.11	130,048,509.48
Trade and other receivables	4, 7	153,642,798.70	164,599,419.77	154,019,244.81	172,298,933.35
Other short-term loan	8	2,000,000.00	-	2,000,000.00	-
Inventories	9	136,126,303.22	196,284,346.56	136,126,303.22	196,284,346.56
Other current assets		191,742.34	280,949.52	188,550.58	279,338.35
<b>Total current assets</b>		<b>659,251,360.72</b>	<b>657,117,960.33</b>	<b>646,703,259.48</b>	<b>649,857,173.59</b>
<b>Non-current assets</b>					
Restricted investments	10	135,840,150.00	135,840,150.00	135,840,150.00	135,840,150.00
Investments in subsidiaries	4, 11	-	-	23,377,107.31	32,550,308.32
Property, plant and equipment	12	123,393,955.94	130,629,071.71	123,257,383.59	130,516,149.37
Intangible asset	13	5,808,177.33	1,272,661.51	5,808,177.33	1,272,661.51
Deferred tax assets	14	6,953,691.12	16,552,224.53	6,953,691.12	16,552,224.53
Other non-current assets		1,280,177.00	1,604,372.66	1,280,177.00	1,604,372.66
<b>Total non-current assets</b>		<b>273,276,151.39</b>	<b>285,898,480.41</b>	<b>296,516,686.35</b>	<b>318,335,866.39</b>
<b>Total assets</b>		<b>932,527,512.11</b>	<b>943,016,440.74</b>	<b>943,219,945.83</b>	<b>968,193,039.98</b>

THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Liabilities and shareholders' equity</b>	<b>3</b>				
Current liabilities:					
Trade and other payables	4, 16	61,580,148.74	108,137,011.29	73,441,536.49	130,817,020.13
Short-term loans from related person	4	-	43,599.79	-	-
Other current liabilities		422,024.10	640,136.24	422,024.10	639,968.80
Total current liabilities		62,002,172.84	108,820,747.32	73,863,560.59	131,456,988.93
Non-current liabilities:					
Employee benefit obligations	17	2,253,037.71	1,124,166.00	2,253,037.71	1,124,166.00
Total non-current liabilities		2,253,037.71	1,124,166.00	2,253,037.71	1,124,166.00
<b>Total liabilities</b>		<b>64,255,210.55</b>	<b>109,944,913.32</b>	<b>76,116,598.30</b>	<b>132,581,154.93</b>
<b>Shareholders' equity</b>	<b>3</b>				
Share capital					
Authorized share capital					
1,762,973,267 ordinary shares, Baht 0.50 par value		881,486,633.50	881,486,633.50	881,486,633.50	881,486,633.50
Issued and paid-up share capital					
1,202,048,478 ordinary shares					
(2013 : 1,184,016,724 ordinary shares), fully paid	18	601,024,239.00	592,008,362.00	601,024,239.00	592,008,362.00
Premium on ordinary shares	18, 19	172,657,609.00	168,589,185.00	172,657,609.00	168,589,185.00
Advanced receipts for share subscription	18	-	1,989,012.00	-	1,989,012.00
Retained earnings					
Appropriated to legal reserve	20	8,116,763.88	7,096,955.21	8,116,763.88	7,096,955.21
Unappropriated		90,769,361.56	64,021,837.85	85,304,735.65	65,928,370.84
Other component of shareholders' equity		(4,295,671.88)	(633,824.66)	-	-
<b>Total shareholders' equity</b>		<b>868,272,301.56</b>	<b>833,071,527.40</b>	<b>867,103,347.53</b>	<b>835,611,885.05</b>
<b>Total liabilities and shareholders' equity</b>		<b>932,527,512.11</b>	<b>943,016,440.72</b>	<b>943,219,945.83</b>	<b>968,193,039.98</b>

THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Bath			
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Continuing operations</b>	3				
Revenue from sales	4	1,593,208,986.12	929,470,935.35	1,593,208,986.12	929,470,935.35
Cost of sales	21	(1,392,165,740.46)	(829,449,436.69)	(1,392,165,740.46)	(829,449,436.69)
Gross profit		201,043,245.66	100,021,498.66	201,043,245.66	100,021,498.66
Other income	4	11,274,721.23	12,159,291.48	10,793,735.65	12,179,914.97
Selling expenses	4, 21	(131,438,365.12)	(93,605,535.19)	(131,438,365.12)	(93,487,261.73)
Administrative expenses	4, 21	(43,499,714.80)	(93,841,969.21)	(50,403,431.33)	(92,354,530.11)
Finance costs		(14,021.18)	(49,777.00)	(477.97)	(1,521.95)
Profit (loss) before income tax		37,365,865.79	(75,316,491.26)	29,994,706.89	(73,641,900.16)
Tax income (expense)	23	(9,598,533.41)	874,669.96	(9,598,533.41)	874,669.96
Profit (loss) for the year from continuing operations		27,767,332.38	(74,441,821.30)	20,396,173.48	(72,767,230.20)
<b>Discontinued operations</b>					
Profit for the year from discontinued operations		-	21,588,834.71	-	21,588,834.71
Profit (loss) for the year		27,767,332.38	(52,852,986.59)	20,396,173.48	(51,178,395.49)
<b>Earnings (loss) per share</b>	3				
<b>Basic earnings (loss) per share</b>					
Profit (loss) from continuing operations		0.023	(0.064)	0.017	(0.062)
Profit from discontinued operations		-	0.018	-	0.018
		0.023	(0.046)	0.017	(0.044)
Weighted average number of ordinary shares (Thousands shares)		1,190,710	1,160,326	1,190,710	1,160,326
<b>Diluted earnings (loss) per share</b>					
Profit (loss) from continuing operations		0.020	(0.061)	0.015	(0.060)
Profit from discontinued operations		-	0.018	-	0.018
		0.020	(0.043)	0.015	(0.042)
Weighted average number of ordinary shares (Thousands shares)		1,374,798	1,220,002	1,374,798	1,220,002

THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUE)

FOR THE YEAR ENDED DECEMBER 31, 2014

Note	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
3				
Profit (loss) for the year	27,767,332.38	(52,852,986.59)	20,396,173.48	(51,178,395.49)
Other comprehensive loss:				
Exchange differences on translating financial statements	(3,661,847.22)	(631,578.82)	-	-
Other comprehensive loss	(3,661,847.22)	(631,578.82)	-	-
Total comprehensive income (loss)	24,105,485.16	(53,484,565.41)	20,396,173.48	(51,178,395.49)

**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

Baht									
Consolidated financial statements									
	Note	Issued and paid-up share capital	Premium on ordinary shares	Advanced receipts for share subscription	Retained earnings		Translating financial statements	Total	Other component of shareholders' equity  Other comprehensive loss
					Appropriated	Unappropriated			
Beginning balance as at January 1, 2013		470,846,412.00	90,627,174.00	121,839,531.00	7,096,955.21	116,874,824.44	(2,245.84)	807,282,650.81	
Changes in shareholders' equity									
Advanced receipts for share subscription	18	-	-	79,273,442.00	-	-	-	79,273,442.00	
Increase in ordinary shares	18, 19	121,161,950.00	77,962,011.00	(199,123,961.00)	-	-	-	-	
Total comprehensive loss		-	-	-	-	(52,852,986.59)	(631,578.82)	(53,484,565.41)	
Ending balance as at December 31, 2013		592,008,362.00	168,589,185.00	1,989,012.00	7,096,955.21	64,021,837.85	(633,824.66)	833,071,527.40	
Changes in shareholders' equity									
Advanced receipts for share subscription	18	-	-	11,095,289.00	-	-	-	11,095,289.00	
Increase in ordinary shares	18, 19	9,015,877.00	4,068,424.00	(13,084,301.00)	-	-	-	-	
Total comprehensive income (loss)		-	-	-	-	27,767,332.38	(3,661,847.22)	24,105,485.16	
Legal reserve	20	-	-	-	1,019,808.67	(1,019,808.67)	-	-	
Ending balance as at December 31, 2014		601,024,239.00	172,657,609.00	-	8,116,763.88	90,769,361.56	(4,295,671.88)	868,272,301.56	

THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

		Baht				
		Separate financial statements				
	Note	Issued and paid-up share capital	Premium on ordinary shares	Advanced receipts for share subscription	Retained earnings	
					Appropriated	Unappropriated
<b>Beginning balance as at January 1, 2013</b>		470,846,412.00	90,677,174.00	121,839,531.00	7,096,955.21	117,106,766.33
<b>807,516,838.54</b>						
<b>Changes in shareholders' equity</b>						
Advanced receipts for share subscription	18	-	-	79,273,442.00	-	-
<b>79,273,442.00</b>						
Increase in ordinary shares	18, 19	121,161,950.00	77,962,011.00	(199,123,961.00)	-	-
<b>-</b>						
Total comprehensive loss		-	-	-	-	(51,178,395.49)
<b>(51,178,395.49)</b>						
<b>Ending balance as at December 31, 2013</b>		592,008,362.00	168,589,185.00	1,989,012.00	7,096,955.21	65,938,370.84
<b>835,611,885.05</b>						
<b>Changes in shareholders' equity</b>						
Advanced receipts for share subscription	18	-	-	11,095,289.00	-	-
<b>11,095,289.00</b>						
Increase in ordinary shares	18, 19	9,015,877.00	4,068,424.00	(13,084,301.00)	-	-
<b>-</b>						
Total comprehensive income		-	-	-	-	20,396,173.48
<b>20,396,173.48</b>						
Legal reserve	20	-	-	-	1,019,808.67	(1,019,808.67)
<b>-</b>						
<b>Ending balance as at December 31, 2014</b>		601,024,239.00	172,657,609.00	-	8,116,763.88	85,304,755.65
<b>867,103,347.53</b>						



**THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax from continuing operations	37,365,865.79	(75,316,491.26)	29,994,706.89	(73,641,900.16)
Profit from discontinued operations	-	21,588,834.71	-	21,588,834.71
Adjustments to reconcile profit (loss) before income tax to net cash provided by (used in) operating activities				
Depreciation and amortization	12,026,047.60	12,989,061.43	11,995,123.89	12,961,633.80
Doubtful accounts	1,494,184.70	33,032,839.71	1,494,184.70	33,032,839.71
Loss from devaluation of inventories	-	4,242,706.34	-	4,242,706.34
Loss from impairment of assets and written-off assets	86,376.42	124,264.20	9,259,577.43	124,264.20
Interest incomes	(5,240,718.88)	(7,745,576.99)	(4,787,335.51)	(7,743,770.57)
Interest expenses	14,021.18	36,835.52	477.97	1,521.95
Employee benefit obligations	1,418,067.96	264,957.00	1,418,067.96	264,957.00
Gain on sales of assets	(292,462.00)	(981,469.60)	(291,907.77)	(981,469.60)
Unrealized (gain) loss on exchange rate	3,659.64	(46,837.79)	(272,993.06)	(157,675.72)
Gain on sales and revaluation of investments	(5,321,870.11)	(29,254.00)	(5,321,870.11)	(29,254.00)
Profit (loss) from operating activities before change in operating assets and liabilities	41,553,172.30	(11,840,130.73)	43,488,032.39	(10,337,312.34)
Change in operating assets (increase) decrease				
Trade and other receivables	8,467,087.88	(52,596,624.59)	15,794,412.72	(60,214,693.66)
Inventories	60,158,043.34	67,565,553.17	60,158,043.34	67,565,553.17
Other current assets	89,207.18	16,327,089.57	90,787.77	16,328,677.73
Other non-current assets	181,247.90	(324,569.00)	181,247.90	(324,569.00)
Change in operating liabilities increase (decrease)				
Trade and other payables	(47,094,635.18)	26,745,647.53	(57,644,199.52)	49,801,073.87
Other current liabilities	(218,112.14)	35,775.57	(217,944.70)	42,550.31
Employee benefit obligations paid	(289,196.25)	-	(289,196.25)	-
Cash received from operations	62,846,815.03	45,912,741.52	61,561,183.65	62,861,280.08
Interest paid	(14,021.18)	(47,489.14)	(477.97)	(12,175.57)
Cash receipt from income tax refund	28,511.78	-	28,511.78	-
Income tax paid	(55,012.45)	(67,583.20)	(55,012.45)	(67,583.20)
<b>Net cash provided by operating activities</b>	<b>62,806,293.18</b>	<b>45,797,669.18</b>	<b>61,534,205.01</b>	<b>62,781,521.31</b>

THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from investing activities</b>				
Increase in current investments	(186,989,648.52)	(121,794,469.53)	(186,989,648.52)	(121,794,469.53)
Increase in other short-term loan	(2,000,000.00)	-	(2,000,000.00)	-
Increase in investments in subsidiaries	-	-	-	(31,561,167.07)
Purchases of plant and equipment	(7,013,720.78)	(1,831,496.28)	(6,931,092.06)	(1,818,541.47)
Purchases of intangible asset	(4,500,000.00)	(180,000.00)	(4,500,000.00)	(180,000.00)
Cash receipt from sales of assets	3,375,270.65	1,371,121.50	3,350,000.00	1,371,121.50
Interest receipt	5,957,716.85	7,845,557.05	5,504,333.48	7,843,750.63
<b>Net cash used in investing activities</b>	<b>(191,170,381.80)</b>	<b>(114,589,287.26)</b>	<b>(191,566,407.10)</b>	<b>(146,139,305.94)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	-	(9,661,050.00)	-	(9,661,050.00)
Increase (decrease) in short-term loans from related person	(43,599.79)	43,599.79	-	-
Cash receipt from increase in share capital	11,095,289.00	79,273,442.00	11,095,289.00	79,273,442.00
<b>Net cash provided by financing activities</b>	<b>11,051,689.21</b>	<b>69,655,991.79</b>	<b>11,095,289.00</b>	<b>69,612,392.00</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(117,312,399.41)</b>	<b>864,373.71</b>	<b>(118,936,913.09)</b>	<b>(13,745,392.63)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>165,904,735.00</b>	<b>165,671,940.11</b>	<b>150,946,045.85</b>	<b>164,691,438.48</b>
<b>Exchange differences on translating financial statements</b>	<b>(3,661,847.22)</b>	<b>(631,578.82)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of the year</b>	<b>44,930,488.37</b>	<b>165,904,735.00</b>	<b>32,009,132.76</b>	<b>150,946,045.85</b>

# Notes to the financial statements

## THAI CAPITAL CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2014

#### 1. GENERAL INFORMATION

Thai Capital Corporation Public Company Limited, “the Company” was incorporated in Thailand under the Public Company Act on April 25, 1994 and the Company was listed on the Stock Exchange of Thailand. The Company’s office is at 87/2 CRC Tower, 45th Floor, All Seasons Place, Wireless Road, Lumpini, Phatumwan, Bangkok, and the Company’s branch is at 88/9, 89, Moo 6, Nongchumpon, Khaoyoi, Phetchaburi.

The principal activity of the Company is to sale and transportation services of coal.

#### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) in conformity with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

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

## BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consisted of the financial statements of Thai Capital Corporation Public Company Limited, and subsidiaries (together referred to as “the Group”) as follows:

Subsidiaries	Located in	Business type	Percentage of holding	
			2014	2013
Theco Sales Co., Ltd.	Thailand	Ceased operations	99.99%	99.99%
Thai Capital Corporation (Guangzhou) Co., Ltd.	People's Republic of China	Consultant on coal business	100.00%	100.00%
P.T. Thai Capital Indo Mining Co., Ltd.	Republic of Indonesia	Sale of solid fuel, liquid fuel and gas	99.83%	99.83%

All significant intercompany transactions and accounts are eliminated in preparing the consolidated financial statements.

The preparations of the consolidated financial statements have been based on the same accounting policies for the same or similar accounting transactions or accounting events.

Subsidiaries are an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly through other subsidiaries, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

### Adoption of New Thai Financial Reporting Standards

FAP has issued Notifications, mandating the use of new and revised Conceptual Framework for Financial Reporting (revised 2014), Thai Accounting Standards (“TAS”), TFRS, Thai Standard Interpretations (“TSIC”) and Thai Financial Reporting Interpretations (“TFRIC”) as follows:

- a) Conceptual Framework for Financial Reporting (revised 2014) which is immediately effective for the year 2014.
- a) TAS, TFRS, TSIC and TFRIC which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

TAS/TFRS/TSIC/TFRIC	Topic
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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
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 Payments
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	Service Concession Arrangements: Disclosures
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 Decommission, 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

**TAS/TFRS/TSIC/TFRIC****Topic**

TFRIC 18

Transfers of Assets from Customers

The management of the Group has assessed the effects of these Conceptual Framework for Financial Reporting (revised 2014) and TFRS and believes that they do not have any significant impact on the financial statements.

**New and revised Thai Financial Reporting Standards not yet effective**

The Group has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

- a) TAS, TFRS, TSIC and TFRIC which are effective for the financial statements for the period beginning on or after January 1, 2015 as follows:

**TAS/TFRS/TSIC/TFRIC****Topic**

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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share
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 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

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
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 (revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (revised 2014) - 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

b) TFRS which is effective for the financial statements for the period beginning on or after January 1, 2016 as follow:

<b>TFRS</b>	<b>Topic</b>
TFRS 4 (revised 2014)	Insurance Contracts

The management of the Group is assessing the impacts of these TFRS on the financial statements for the year in which they are initially applied.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **The measurement bases used in preparing the financial statements**

Other than those disclosed elsewhere in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

#### **Revenues**

Sales of goods and service

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

Revenue is recognized in the statement of comprehensive income 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.



Revenue from services is recognized when services are rendered.

#### Revenue from rental

Revenue from rental is recognized to the statement of comprehensive income by the straight-line method over the term of the agreement.

#### Interest income

Interest income is recognized as interest accrues, based on the effective rate method.

#### Other income

Other income is recognized on an accrual basis.

### **Expenses**

#### Operating leases

Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of comprehensive income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

#### Finance costs

Interest expenses and similar costs are charged to the statement of comprehensive income 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 the statement of comprehensive income using the effective interest rate method.

Expenses are recognized on an accrual basis.

### **Employee benefits**

#### Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

#### Post-employment benefits – defined contribution plan

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the relevant companies. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which they relate.

#### Post-employment benefits – defined benefit plan

The employee benefit obligations in relation to the severance payment under the labor law are recognized as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognizes actuarial gains (losses) in the profit or loss in the period in which they arise.

#### Termination benefits

The Group recognizes termination benefits as a liability and expense when the Group terminates the employment of an employee or group of employees before the normal retirement date.

#### Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

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

Deferred tax is recognised 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, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **Cash and cash equivalents**

Cash and cash equivalents are cash on hand, current deposits and savings deposits, cash at bank with an original maturity of 3 months and short-term investments with high liquidity excluded deposits at bank on obligation.

### **Current investments**

Current investments as follows:

- Fixed deposits with maturities not over 1 year.
- Current investments in marketable securities are stated at fair value as at the end of reporting period. Any changes in value are recognized in the statement of comprehensive income.

Gains and losses on disposals of investments are recorded upon disposals. The cost of securities on deposit is average cost method.

### **Trade and other receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The Group records allowance for doubtful accounts that is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

In determining an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

### **Inventories**

Inventories are valued at the lower of the first-in, first-out cost method or net realizable value.

Cost comprises of all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the costs to make the sale.

The Group records allowance for devaluation of inventories is made for all deteriorated, damaged, obsolete and slow-moving inventories.

### **Investments in subsidiaries**

Investments in subsidiaries in the separate financial statements are accounted for using the cost method less allowance for impairment loss (if any).

### **Property, plant and equipment**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

#### **Depreciation**

Depreciation is computed by the straight-line method based on the estimated useful lives of assets as follows:

Type of assets	Years
Buildings and buildings improvements	5 and 20
Machinery and factory equipment	5 and 10
Furniture and office equipment	3 and 5
Vehicles	5

Depreciation is included in determining operation and no depreciation is provided on land, land improvements and machinery and equipment under installation.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits to be used during more than one period. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in the statement of comprehensive income.

### **Intangible asset**

Intangible asset is stated at cost less accumulated amortization and allowance for impairment (if any).

#### **Amortization**

Amortization is recorded to expense in the statement of comprehensive income and computed by the straight-line method based on the estimated useful lives of the assets for 5 years.

## **Impairment of assets**

The carrying amounts of the Group's assets are reviewed at the end of reporting period date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of comprehensive income.

### **Calculation of recoverable amount**

The recoverable amount is the greater of the assets' fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### **Reversals of impairment**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## **Foreign currencies**

### **Functional and presentation currency**

The financial statements of each entity within the Group are presented in the functional currency which is the currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in the presentation currency as Thai Baht in accordance with the regulatory requirements in Thailand. The functional currency of the Company and its subsidiaries in Thailand is Thai Baht, whereas the functional currencies of foreign operations are Renminbi and Rupiah.

### **Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translating into the functional currency using the exchange rate at the date of transaction.

## Translation of the Group's financial statements

The financial statements of the Group are translated into the presentation currency using the following exchange rate:

- The Group's assets and liabilities are translated at the closing rate as at the end of reporting period date.
- The Group's revenues and expenses are translated at the average exchange rates during the years which are approximate the exchange rates at the dates of transactions; and
- Share capital is translated at historical rates.

Exchange differences on translating financial statements are recognized in the other comprehensive income and presented in the exchange differences as a separate component of shareholders' equity until the disposal of the foreign operations.

## Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net profit (loss) for the years by the weighted average number of ordinary shares issued and paid-up during the years.

For the years ended December 31, 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit (loss) for the years				
from continuing operations (Baht)	27,767,332.38	(74,441,821.30)	20,396,173.48	(72,767,230.20)
<b>Weighted average number of ordinary shares (Thousands shares)</b>				
Issued ordinary shares as at January 1,	1,184,017	941,693	1,184,017	941,693
Effect of shares issued during the years	6,693	218,633	6,693	218,633
Weighted average number of				
ordinary shares (Thousands shares)	1,190,710	1,160,326	1,190,710	1,160,326
Basic earnings (loss) per share (Baht)	0.023	(0.064)	0.017	(0.062)

Profit for the years				
from discontinued operations (Baht)	-	21,588,834.71	-	21,588,834.71

<b>Weighted average number of ordinary shares (Thousands shares)</b>				
Issued ordinary shares as at January 1,	1,184,017	941,693	1,184,017	941,693
Effect of shares issued during the years	6,693	218,633	6,693	218,633
Weighted average number of				
ordinary shares (Thousands shares)	1,190,710	1,160,326	1,190,710	1,160,326
Basic earnings per share (Baht)	-	0.018	-	0.018

### Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by dividing the profit (loss) of ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding during the years plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares into ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary shares into ordinary shares when the exercise price is lower than fair value of ordinary shares.

The basic earnings (loss) per share and the diluted earnings (loss) per share.

For the years ended December 31, 2014 and 2013 were as follows:

Consolidated financial statements						
	2014			2013		
	Baht	Thousands shares	Baht per share	Baht	Thousands shares	Baht per share
		Weighted average number of ordinary shares	Earnings per share		Weighted average number of ordinary shares	Earnings (loss) per share
Profit				Profit (loss)		
<b>Earnings (loss) per share</b>						
Basic earnings (loss) per share						
from continuing operations	27,767,332.38	1,190,710	0.023	(74,441,821.30)	1,160,326	(0.064)
Effect of dilutive potential ordinary shares	-	184,088	-	-	59,676	-
Diluted earnings (loss) per share						
from continuing operations	27,767,332.38	1,374,798	0.020	(74,441,821.30)	1,220,002	(0.061)
Basic earnings per share						
from discontinued operations	-	1,190,710	-	21,588,834.71	1,160,326	0.018
Effect of dilutive potential ordinary shares	-	184,088	-	-	59,676	-
Diluted earnings per share						
from discontinued operations	-	1,374,798	-	21,588,834.71	1,220,002	0.018
Separate financial statements						
	2014			2013		
	Baht	Thousands shares	Baht per share	Baht	Thousands shares	Baht per share
		Weighted average number of ordinary shares	Earnings per share		Weighted average number of ordinary shares	Earnings (loss) per share
Profit				Profit (loss)		
<b>Earnings (loss) per share</b>						
Basic earnings (loss) per share						
from continuing operations	20,396,173.48	1,190,710	0.017	(72,767,230.20)	1,160,326	(0.062)
Effect of dilutive potential ordinary shares	-	184,088	-	-	59,676	-
Diluted earnings (loss) per share						
from continuing operations	20,396,173.48	1,374,798	0.015	(72,767,230.20)	1,220,002	(0.060)
Basic earnings per share						
from discontinued operations	-	1,190,710	-	21,588,834.71	1,160,326	0.018
Effect of dilutive potential ordinary shares	-	184,088	-	-	59,676	-
Diluted earnings per share						
from discontinued operations	-	1,374,798	-	21,588,834.71	1,220,002	0.018



## Provisions

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

## 4. TRANSACTIONS WITH RELATED PARTIES

The Company had transactions with related parties. These parties are related through common shareholders and/or directorships or close members of the family of an individual. The significant transactions with related parties as included in the financial statements were determined at prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

The significant balances of assets, liabilities and other transactions occurred with those related parties were as follows:

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Subsidiaries</b>				
Theco Sales Co., Ltd.				
Other income	-	-	22,429.91	22,429.91
Thai Capital Corporation (Guangzhou) Co., Ltd.				
Selling expenses	-	-	-	179,903.50
P.T. Thai Capital Indo Mining Co., Ltd.				
Administrative expenses	-	-	1,959,577.00	1,560,604.00
<b>Related company</b>				
Far East Knitting & Spining Co., Ltd.				
Revenue from sales	35,649,101.10	32,608,987.60	35,649,101.10	32,608,987.60

The significant balances of assets and liabilities with related parties as at December 31, 2014 and 2013 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables				
Theco Sales Co., Ltd.	-	-	15,504,439.11	15,504,439.11
Far East Knitting & Spining Co., Ltd.	18,444,162.71	9,749,565.01	18,444,162.71	9,749,565.01
Total	18,444,162.71	9,749,565.01	33,948,601.82	25,254,004.12
<b>Less:</b> Allowance for doubtful accounts	-	-	(15,504,439.11)	(15,504,439.11)
Trade receivables - net	18,444,162.71	9,749,565.01	18,444,162.71	9,749,565.01
Other receivables				
Theco Sales Co., Ltd.	-	-	1,255,813.70	1,228,684.25
Thai Capital Corporation				
(Guangzhou) Co., Ltd.	-	-	253,478.88	30,390.35
P.T. Thai Capital Indo Mining Co., Ltd.	-	-	-	8,765,536.72
Total	-	-	1,509,292.58	10,024,611.32
<b>Less:</b> Allowance for doubtful accounts	-	-	(1,020,000.00)	(1,020,000.00)
Other receivables - net	-	-	489,292.58	9,004,611.32
Investments in subsidiaries (see Note 11)	-	-	23,377,107.31	32,550,308.32
Other payables				
Thai Capital Corporation				
(Guangzhou) Co., Ltd.	-	-	187,316.50	191,646.00
P.T. Thai Capital Indo Mining Co., Ltd.	-	-	11,864,391.85	22,524,743.32
Total	-	-	12,051,708.35	22,716,389.32
Short-term loans				
Director	-	43,599.79	-	-

Movements of short-term loans from related person for the years ended December 31, 2014 and 2013 were as follows:

	Baht	
	Consolidated financial statements	
	2014	2013
Beginning balance	43,599.79	-
Increase	-	55,946.14
Decrease	(43,599.79)	(12,346.35)
Ending balance	-	43,599.79

The Subsidiary had short-term loans from related person, no interest charged and unsecured.

### Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2014 and 2013 consisted of:

	Baht	
	Consolidated and separate financial statements	
	2014	2013
Short-term benefits	9,929,877.00	6,407,833.00
Post-employment benefits	693,939.00	178,751.00
Total	10,623,816.00	6,586,584.00

### Nature of relationship

Name	Country	Relation	Type of relation
Theco Sales Co., Ltd.	Thailand	Subsidiary	Direct holding
Thai Capital Corporation (Guangzhou) Co., Ltd.	People's Republic of China	Subsidiary	Direct holding
P.T. Thai Capital Indo Mining Co., Ltd.	Republic of Indonesia	Subsidiary	Direct holding
Far East Knitting & Spining Co., Ltd.	Thailand	Related company	Management and/or shareholders are related

## Bases of measurement for intercompany revenues and expenses

	Pricing policies
Purchase - sale of goods	Market price
Other income	Stipulate in the agreement
Administrative expenses	Stipulate in the agreement

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2014 and 2013 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	1,446,079.72	1,586,058.10	1,276,241.27	1,378,073.30
Cash at banks	43,484,408.63	164,318,676.90	30,732,891.49	149,567,972.55
Total	44,930,488.35	165,904,735.00	32,009,132.76	150,946,045.85

## 6. CURRENT INVESTMENTS

Current investments as at December 31, 2014 and 2013 consisted of:

	Baht	
	Consolidated and separate financial statements	
	2014	2013
Fixed deposits	19,688.21	19,255.48
Investments in trading securities		
Fixed income fund - cost	320,819,825.93	130,000,000.00
<b>Add:</b> Unrealized gain on revaluation of investments	1,520,513.97	29,254.00
Fixed income fund - fair value	322,340,339.90	130,029,254.00
Total	322,360,028.11	130,048,509.48

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2014 and 2013 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables				
Other parties	159,200,570.02	175,370,791.45	159,200,570.02	175,370,791.45
Related parties	18,444,162.71	9,749,565.01	33,948,601.82	25,254,004.12
Total	177,644,732.73	185,120,356.46	193,149,171.84	200,624,795.57
<b>Less:</b> Allowance for doubtful accounts	(27,380,075.80)	(27,056,731.25)	(42,884,514.91)	(42,561,170.36)
Trade receivables - net	150,264,656.93	158,063,625.21	150,264,656.93	158,063,625.21
Other receivables				
Accrued income	1,333,832.45	2,050,830.45	2,581,832.49	3,274,830.46
Advance payments	15,450,209.24	16,182,930.72	15,444,413.77	23,725,944.82
Prepaid expenses	22,641,620.27	23,221,030.68	22,641,620.27	23,188,306.23
Others	1,358,016.83	1,315,699.58	1,512,258.37	1,300,923.50
Total	40,783,678.79	42,770,491.43	42,180,124.90	51,490,005.01
<b>Less:</b> Allowance for doubtful accounts	(37,405,537.02)	(36,234,696.87)	(38,425,537.02)	(37,254,696.87)
Other receivables - net	3,378,141.77	6,535,794.56	3,754,587.88	14,235,308.14
Trade and other receivables - net	153,642,798.70	164,599,419.77	154,019,244.81	172,298,933.35

As at December 31, 2014 and 2013, the Group had outstanding balances of trade receivables aged by number of months as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables - other parties</b>				
Current	93,754,668.85	84,427,848.24	93,754,668.85	84,427,848.24
Overdue				
Not over 3 months	38,052,678.51	63,838,883.25	38,052,678.51	63,838,883.25
Over 3 months up to 6 months	-	1,750,754.49	-	1,750,754.49
Over 6 months up to 12 months	-	15,287,136.48	-	15,287,136.48
Over 12 months	27,393,222.66	10,066,168.99	27,393,222.66	10,066,168.99
<b>Total</b>	<b>159,200,570.02</b>	<b>175,370,791.45</b>	<b>159,200,570.02</b>	<b>175,370,791.45</b>
<b>Trade receivables - related parties</b>				
Current	7,312,009.95	3,509,419.17	7,312,009.95	3,509,419.14
Overdue				
Not over 3 months	7,799,853.16	6,240,145.84	7,799,853.16	6,240,145.84
Over 3 months up to 6 months	3,332,299.60	-	3,332,299.60	-
Over 12 months	-	-	15,504,439.11	15,504,439.11
<b>Total</b>	<b>18,444,162.71</b>	<b>9,749,565.01</b>	<b>33,948,601.82</b>	<b>25,254,004.09</b>

Movements of allowance for doubtful accounts for the years ended December 31, 2014 and 2013 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Beginning balance	63,291,428.12	44,074,759.01	79,815,867.23	60,599,198.12
<b>Add:</b> Doubtful accounts	1,494,184.70	33,032,839.71	1,494,184.70	33,032,839.71
<b>Less:</b> Written-off bad debts	-	(13,816,170.60)	-	(13,816,170.60)
<b>Ending balance</b>	<b>64,785,612.82</b>	<b>63,291,428.12</b>	<b>81,310,051.93</b>	<b>79,815,867.23</b>

## 8. OTHER SHORT-TERM LOAN

The Company had short-term loan to other company for support transportation in the form of short-term agreement, the principal and interest are payable monthly, interest rate of 15 percent per annum and unsecured.

## 9. INVENTORIES

Inventories as at December 31, 2014 and 2013 consisted of:

	Baht	
	Consolidated and separate financial statements	
	2014	2013
Coal	144,629,383.69	204,787,427.03
<b>Less:</b> Allowance for devaluation of inventories	(8,503,080.47)	(8,503,080.47)
Inventories - net	136,126,303.22	196,284,346.56

## 10. RESTRICTED INVESTMENTS

Restricted investments as at December 31, 2014 and 2013 consisted of:

	Baht			
	Consolidated and separate financial statements			
	2014	2013	Note	Guarantee / Commitments
Fixed deposits	135,000,150.00	135,000,150.00	15	Credit lines for bank overdrafts and short-term loans from financial institutions
Government bonds	840,000.00	840,000.00		Letters of guarantee for electricity
Total	135,840,150.00	135,840,150.00		

## 11. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2014 and 2013 consisted of:

	Baht									
	Holding (%)		Paid-up share capital		Cost method		Allowance for impairment		Net	
Subsidiaries	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Thaco Sales Co., Ltd	99.99	99.99	10,000,000.00	10,000,000.00	9,999,300.00	9,999,300.00	(9,999,300.00)	(9,999,300.00)	-	-
Thai Capital Corporation										
(Guangzhou) Co., Ltd.	100.00	100.00	2,440,178.40	2,440,178.40	2,440,178.40	2,440,178.40	(1,994,062.17)	-	446,116.23	2,440,178.40
P.T. Thai Capital Indo										
Mining Co., Ltd	99.83	99.83	30,160,915.02	30,160,915.02	30,110,129.92	30,110,129.92	(7,179,138.94)	-	22,930,991.08	30,110,129.92
Total					42,549,608.32	42,549,608.32	(19,172,501.01)	(9,999,300.00)	23,377,107.31	32,550,308.32

Movements of allowance for impairment of investments in subsidiaries in separate financial statements for the year ended December 31, 2014 were as follows:

	Baht
Beginning balance	9,999,300.00
Add: Loss on impairment	9,173,201.01
Ending balance	19,172,501.01

The Company provided an allowance for impairment of investments in subsidiaries based on the net book value in the financial statements of such subsidiaries.



## 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, 2014 and 2013 consisted of:

	Baht						
	Consolidated financial statements						
	Land and land improvements	Buildings and buildings improvements	Factory equipment	Furniture and office equipment	Vehicles	Machinery and equipment under installation	Total
<b>Cost</b>							
At January 1, 2013	27,083,641.00	103,793,586.32	36,863,570.60	9,333,139.45	4,953,506.18	4,144,064.57	186,171,508.12
Purchases / transfer in	-	23,000.00	237,274.44	920,376.34	26,000.00	644,523.22	1,851,174.00
Disposals / transfer out	-	-	(4,489,850.47)	(238,978.20)	-	-	(4,728,828.67)
Exchange differences	-	-	-	10,293.67	-	-	10,293.67
At December 31, 2013	27,083,641.00	103,816,586.32	32,610,994.57	10,024,831.26	4,979,506.18	4,788,587.79	183,304,147.12
Purchases / transfer in	7,975.00	25,465.00	5,465,053.31	483,791.48	2,870,724.30	3,417,839.00	12,270,848.09
Disposals / transfer out	-	(3,535,671.02)	-	(126,018.69)	-	(4,811,876.79)	(8,473,566.50)
Exchange differences	-	-	-	(4,059.13)	-	-	(4,059.13)
At December 31, 2014	27,091,616.00	100,306,380.30	38,076,047.88	10,378,544.92	7,850,230.48	3,394,550.00	187,097,369.58

Balt								
Consolidated financial statements								
	Land and land improvements	Buildings and buildings improvements	Machinery and factory equipment	Furniture and office equipment	Vehicles	Machinery and equipment under installation	Total	
<b>Accumulated depreciation</b>								
At January 1, 2013	-	17,710,805.33	18,137,568.90	5,955,929.46	2,649,233.45	-	-	44,453,537.14
Depreciation	-	5,590,959.32	5,161,085.45	1,365,898.74	322,282.81	-	-	12,440,226.32
Disposal / transfer out	-	-	(4,098,273.78)	(121,448.35)	-	-	-	(4,219,722.13)
Exchange difference	-	-	-	1,034.08	-	-	-	1,034.08
At December 31, 2013	-	23,301,764.65	19,200,380.57	7,201,413.93	2,971,516.26	-	-	52,675,075.41
Depreciation	-	5,446,303.74	4,789,093.92	1,025,413.93	260,751.83	-	-	11,521,563.42
Disposal / transfer out	-	(477,578.79)	-	(14,923.85)	-	-	-	(492,504.64)
Exchange difference	-	-	-	(720.55)	-	-	-	(720.55)
At December 31, 2014	-	28,270,489.60	23,989,474.49	8,211,181.46	3,232,268.09	-	-	63,703,413.64
<b>Netbook value</b>								
At December 31, 2013	27,083,641.00	80,514,821.67	13,410,614.00	2,823,417.33	2,007,989.92	4,788,587.79	-	130,629,071.71
At December 31, 2014	27,091,616.00	72,035,890.70	14,086,573.39	2,167,363.46	4,617,962.39	3,394,550.00	-	123,393,955.94

Baht		Separate financial statements						
		Land and land improvement	Buildings and buildings improvements	Machinery and factory equipment	Furniture and office equipment	Vehicle	Machinery and equipment under installation	Total
<b>Cost</b>								
At January 1, 2013		27,083,641.00	103,793,586.32	36,563,570.60	9,215,003.88	4,953,506.18	4,144,064.57	186,053,372.55
Purchases / transfer in		-	23,000.00	237,274.44	907,421.33	26,000.00	644,523.22	1,838,219.19
Disposals / transfer out		-	-	(4,489,850.47)	(238,978.20)	-	-	(4,728,828.67)
At December 31, 2013		27,083,641.00	103,816,586.32	32,610,994.57	9,883,447.21	4,979,506.18	4,788,587.79	183,162,763.07
Purchases / transfer in		7,975.00	25,465.00	5,465,053.31	401,162.76	2,870,724.30	3,417,339.00	12,188,219.37
Disposals / transfer out		-	(3,535,671.02)	-	(100,776.39)	-	(4,811,876.79)	(8,448,324.20)
At December 31, 2014		27,091,616.00	100,306,380.30	38,076,047.88	10,183,333.58	7,850,230.48	3,394,550.00	186,902,658.24

Baht							
Separate financial statements							
	Land and land improvements	Buildings and buildings improvements	Machinery and factory equipment	Furniture and office equipment	Vehicles	Machinery and equipment under installation	Total
<b>Accumulated depreciation</b>							
At January 1, 2013	-	17,710,806.33	18,137,568.90	5,955,929.46	2,649,233.45	-	44,453,337.14
Depreciation	-	5,590,959.32	5,161,085.45	1,338,471.11	322,282.81	-	12,412,798.69
Disposals / transfer out	-	-	(4,098,273.78)	(121,448.35)	-	-	(4,219,722.13)
At December 31, 2013	-	23,301,764.65	19,200,380.57	7,172,952.22	2,971,516.26	-	52,646,613.70
Depreciation	-	5,446,303.74	4,789,093.92	994,490.22	260,751.83	-	11,490,639.71
Disposals / transfer out	-	(477,578.79)	-	(14,399.97)	-	-	(491,978.76)
At December 31, 2014	-	28,270,489.60	23,989,474.49	8,153,042.47	3,232,268.09	-	63,645,274.65
<b>Net book value</b>							
At December 31, 2013	27,083,641.00	80,514,821.67	13,410,614.00	2,710,494.99	2,007,989.92	4,788,587.79	130,516,149.37
At December 31, 2014	27,091,616.00	72,035,890.70	14,086,573.39	2,030,791.11	4,617,962.39	3,394,550.00	123,257,383.59

	Millions Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Depreciation for the years ended December 31,				
were included in				
- Cost of services	9.91	10.39	9.91	10.39
- Administrative expenses	1.61	2.05	1.58	2.02
Total	11.52	12.44	11.49	12.41

As at December 31,

Book value of equipment before less accumulated depreciation

which have been fully depreciated and still in use.	20.27	10.30	20.27	10.30
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As at December 31, 2014 and 2013, the Company has pledged land including existing construction and to be constructed for guarantee to bank overdrafts and short term loans from financial institutions (see Note 15).

As at December 31, 2014			
	Parties	Period	The rate of lease per month (Millions Baht)
Property lease agreement (lessor)			
The Company	Other company	3 years	0.08
The Company	Other company	Until termination	0.16

### 13. INTANGIBLE ASSET

Intangible asset as at December 31, 2014 and 2013 consisted of:

	Baht		
	Consolidated and separate financial statements		
	Software under		
	Software	development	Total
<b>Cost</b>			
At January 1, 2013	2,925,083.22	-	2,925,083.22
Additions / transfer in	120,000.00	60,000.00	180,000.00
Disposals / transfer out	(26,168.22)	-	(26,168.22)
At December 31, 2013	3,018,915.00	60,000.00	3,078,915.00
Additions / transfer in	-	5,040,000.00	5,040,000.00
Disposals / transfer out	-	-	-
At December 31, 2014	3,018,915.00	5,100,000.00	8,118,915.00
<b>Accumulated amortization</b>			
At January 1, 2013	1,282,280.81	-	1,282,280.81
Amortization	548,835.11	-	548,835.11
Disposals / transfer out	(24,862.43)	-	(24,862.43)
At December 31, 2013	1,806,253.49	-	1,806,253.49
Amortization	504,484.18	-	504,484.18
Disposals / transfer out	-	-	-
At December 31, 2014	2,310,737.67	-	2,310,737.67
<b>Net book value</b>			
At December 31, 2013	1,212,661.51	60,000.00	1,272,661.51
At December 31, 2014	708,177.33	5,100,000.00	5,808,177.33

	Millions Baht	
	Consolidated and separate financial statements	
	2014	2013
Amortization for the years ended December 31, were included in administrative expenses	0.50	0.55

#### 14. DEFERRED TAX

Deferred tax as at December 31, 2014 and 2013 consisted of:

	Baht	
	Consolidated and separate financial statements	
	2014	2013
Deferred tax assets	6,953,691.12	16,552,224.53

Movements in deferred tax assets during the years were as follows:

	Baht			
	Consolidated and separate financial statements			
	January 1, 2013	Profit (loss)	December 31, 2013	December 31, 2014
<b>Deferred tax assets</b>				
Trade and other receivables	914,971.45	2,896,687.75	3,811,659.20	3,876,328.10
Inventories	852,074.83	848,541.26	1,700,616.09	1,700,616.09
Provisions	171,841.80	52,991.40	224,833.20	450,607.54
Tax loss carry forward	13,738,666.49	(2,923,550.45)	10,815,116.04	926,139.39
<b>Total</b>	<b>15,677,554.57</b>	<b>874,669.96</b>	<b>16,552,224.53</b>	<b>6,953,691.12</b>

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

Bank overdrafts and short-term loans from financial institutions as at December 31, 2014 and 2013 consisted of:

Lender	Type of credit	Credit lines (Millions Baht)		Referred interest rate
		2014	2013	
Bank	Bank overdrafts	10.00	10.00	MOR
Bank	Promissory notes / Trust receipt / Letter of credit / Other short -term loans	595.00	595.00	MLR
	Total	605.00	605.00	

The Company had credit lines for forward exchange contracts in the amount of USD 10 million (year 2013: USD 10 million).

The Company's cash at bank (see Note 10) and land including existing construction and to be constructed (see Note 12) were pledged as collateral for bank overdrafts and short-term loans from financial institutions.

## 16. TRADE PAYABLES AND OTHER TRADE PAYABLES

Trade payables and other trade payables as at December 31, 2014 and 2013 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables	44,591,907.83	91,613,292.76	44,591,907.83	91,613,292.76
Accrued expenses	12,616,193.93	13,630,810.72	12,425,873.29	13,594,430.24
Undue value added tax	2,328,893.56	1,176,948.89	2,328,893.56	1,176,948.89
Others	2,043,153.42	1,715,958.92	14,094,861.81	24,432,348.24
Total	16,988,240.91	16,523,718.53	28,849,628.66	39,203,727.37
Grand total	61,580,148.74	108,137,011.29	73,441,536.49	130,817,020.13



## 17. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations in the statements of financial position as at December 31, 2014 and 2013 consisted of:

	Baht	
	Post-employment benefit plan	
	Consolidated and separate financial statements	
	2014	2013
Present value of obligations	2,253,037.71	1,124,166.00
Employee benefit obligations	2,253,037.71	1,124,166.00

Movements of the present value of employee benefit obligations for the years ended December 31, 2014 and 2013 were as follows:

	Baht	
	Post-employment benefit plan	
	Consolidated and separate financial statements	
	2014	2013
Present value of employee benefit obligations as at January 1,	1,124,166.00	859,209.00
Employee benefit expenses in the statements of comprehensive income:		
Current service cost	838,041.96	226,892.04
Interest cost	44,967.00	38,064.96
Actuarial losses	535,059.00	-
Benefits paid for retirement and termination	(289,196.25)	-
Present value of employee benefit obligations as at December 31,	2,253,037.71	1,124,166.00

The Group made defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

Principal actuarial assumptions as at December 31, 2014 and 2013 (expressed as weighted averages) as follows:

	Percent	
	Consolidated and separate financial statements	
	2014	2013
Discount rate	4	4.5
Future salary increases	5	4
Disability rate	5 of Mortality rate	5 of Mortality rate

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table in year 2008.

## 18. SHARE CAPITAL AND WARRANTS

### Share capital

At the 2013 Annual General Shareholders' Meeting held on April 30, 2013, the resolutions were passed as follows:

1. The reduction of registered share capital from Baht 784,488,969.00 to Baht 684,488,969.00 by eliminating the unissued shares of 200,000,000 shares, with the par value of Baht 0.50 each.

The Company registered the decrease in its registered share capital with the Ministry of Commerce on May 2, 2013.

2. The increase of registered share capital from Baht 684,488,969.00 to Baht 881,486,633.50 by issuing new ordinary shares of 393,995,329 shares, with the par value of Baht 0.50 each and allot new ordinary shares as follows:
  - The allotment of new ordinary shares, not over 10,197,665 shares with the par value of Baht 0.50 each to reserve for the right adjustment of the holders of the second warrant (TCC-W2).
  - The allotment of new ordinary shares, not over 13,997,633 shares with the par value of Baht 0.50 each to reserve for the right adjustment of the holders of the third warrant (TCC-W3).
  - The allotment of new ordinary shares, not over 369,800,031 shares with the par value of Baht 0.50 each to reserve for exercising the right by the holders of the fourth warrants (TCC-W4).

The Company registered the increase in its registered share capital with the Ministry of Commerce on May 3, 2013.

## Warrants

Warrants have detail as follows:

### The first warrants to be exercised to the new ordinary share (TCC-W1)

Type of warrant	: The Warrant to be exercised to the new ordinary share of Thai Capital Corporation Public Company Limited No.1 (“the first warrants” or “TCC-W1”)
Category	: Registered and transferable
The offering price	: Baht 0.00
Terms of the warrant	: 7 years from the date of issuance and offering
Issueing and offering date	: October 31, 2007
Exercise ratio	: 1 warrant per 1.39010 ordinary shares (right adjusted)
Exercise price	: Baht 0.719 per share
Exercise period	: The last business day of March, June, September and December each year until the date of expiration of the warrants.
The last exercise date	: October 30, 2014
Expiration date	: October 30, 2014

### The second warrants to be exercised to the new ordinary share (TCC-W2)

Type of warrant	: The Warrant to be exercised to the new ordinary share of Thai Capital Corporation Public Company Limited No.2 (“the second warrants” or “TCC-W2”)
Category	: Registered and transferable
The offering price	: Baht 0.00
Terms of the warrant	: 7 years from the date of issuance and offering
Issueing and offering date	: May 4, 2011
Exercise ratio	: 1 warrant per 1.21782 ordinary shares (right adjusted)
Exercise price	: Baht 0.821 per share
Exercise period	: The last business day of March, June, September and December each year until the date of expiration of the warrants.
The last exercise date	: May 3, 2018
Expiration date	: May 3, 2018

**The third warrants to be exercised to the new ordinary share (TCC-W3)**

Type of warrant	: The Warrant to be exercised to the new ordinary share of Thai Capital Corporation Public Company Limited No.3 (“the third warrants” or “TCC-W3”)
Category	: Registered and transferable
The offering price	: Baht 0.00
Terms of the warrant	: 10 years from the date of issuance and offering
Issueing and offering date	: April 2, 2012
Exercise ratio	: 1 warrant per 1.14249 ordinary shares (right adjusted)
Exercise price	: Baht 0.875 per share
Exercise period	: The last business day of March, June, September and December each year until the date of expiration of the warrants.
The last exercise date	: April 1, 2022
Expiration date	: April 1, 2022

**The fourth warrants to be exercised to the new ordinary share (TCC-W4)**

Type of warrant	: The Warrant to be exercised to the new ordinary share of Thai Capital Corporation Public Company Limited No.4 (“the fourth warrants” or “TCC-W4”)
Category	: Registered and transferable
The offering price	: Baht 0.00
Terms of the warrant	: 10 years from the date of issuance and offering
Issueing and offering date	: May 15, 2013
Exercise ratio	: 1 warrant per 1 ordinary share
Exercise price	: Baht 1 per share
Exercise period	: The last business day of March, June, September and December each year until the date of expiration of the warrants.
The last exercise date	: May 14, 2023
Expiration date	: May 14, 2023

Changes of the warrants during the year were as follows:

Type of warrants	Units			
	Outstanding	Exercised during	Expired during	Outstanding
	December 31, 2013	the year	the year	December 31, 2014
TCC-W1	11,074,462	(10,675,505)	(398,957)	-
TCC-W2	68,330,901	-	-	68,330,901
TCC-W3	92,202,364	-	-	92,202,364
TCC-W4	369,779,804	(425,437)	-	369,354,367
	541,387,531	(11,100,942)	(398,957)	529,887,632

In December 2013, the holders of the first warrants (TCC-W1) have exercised their warrants to be ordinary shares amounting to Baht 1.99 million. As at December 31, 2013, the Company recorded money received in “Advanced receipts for share subscription”. Later, the Company issued ordinary shares to the warrant holders and registered its share capital with the Ministry of Commerce on January 3, 2014.

In June 2014, the holders of the first warrants (TCC-W1) and the fourth warrants (TCC-W4) have exercised their warrants to be ordinary shares amounting to Baht 1.89 million. Later, the Company issued ordinary shares to the warrant holders and registered its share capital with the Ministry of Commerce on July 4, 2014.

In September 2014, the holders of the first warrants (TCC-W1) have exercised their warrants to be ordinary shares amounting to Baht 2.40 million. Later, the Company issued ordinary shares to the warrant holders and registered its share capital with the Ministry of Commerce on October 3, 2014.

In October 2014, the holders of the first warrants (TCC-W1) have exercised their warrants to be ordinary shares amounting to Baht 6.81 million. Later, the Company issued ordinary shares to the warrant holders and registered its share capital with the Ministry of Commerce on November 4, 2014.

## 19. SHARE PREMIUM

According to the Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

## 20. LEGAL RESERVE

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve could not be used for dividend payment.

## 21. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2014 and 2013 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Changes in inventories	60,158,043.34	64,880,652.43	60,158,043.34	64,880,652.43
Purchases of goods	1,278,534,334.30	598,803,532.13	1,278,534,334.30	598,803,532.13
Cost of importing	29,208,156.61	111,603,113.78	29,208,156.61	111,603,113.78
Salaries, wage and other related benefits	32,790,786.17	27,389,853.11	31,774,469.48	25,113,273.18
Depreciation and amortization	12,026,047.60	12,989,061.43	11,995,123.89	12,961,633.80
Commission and sales promotion expenses	16,498,104.63	13,028,691.15	16,498,104.63	13,208,594.65
Other rental and service expenses	13,044,541.81	32,021,732.15	12,497,349.34	30,509,289.43
Consulting and service expenses	6,863,049.28	6,261,744.50	8,160,451.40	6,389,408.25
Transportation expenses	101,096,217.07	69,922,882.12	101,096,217.07	69,922,882.12
Loss from impairment of assets	-	128,108.32	9,173,201.01	128,108.32
Loss from devaluation of inventories	-	4,242,706.34	-	4,242,706.34
Doubtful accounts	1,494,184.70	33,032,839.71	1,494,184.70	33,032,839.71

## 22. PROVIDENT FUND

The Company and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The Fund is contributed to by both the employees and the Company. The Fund is managed by TISCO Asset Management Company Limited and will be paid to the employees upon termination in accordance with the rules of the Fund. In the year 2014, Baht 0.36 million (year 2013: Baht 0.22 million) were paid by the Company.

## 23. INCOME TAX

Tax income (expense) for the years ended December 31, 2014 and 2013 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Current tax expense</b>				
Current year	-	-	-	-
<b>Deferred tax expense</b>				
Movements in temporary differences	(9,598,533.41)	874,669.96	(9,598,533.41)	874,669.96
Tax income (expense)	(9,598,533.41)	874,669.96	(9,598,533.41)	874,669.96

### Reconciliation of effective tax rate

	Consolidated financial statements			
	2014		2013	
	Tax rate		Tax rate	
	(%)	Baht	(%)	Baht
Profit (loss) before income tax		37,365,865.79		(53,727,656.55)
Income tax using the corporate tax rate	20	7,473,173.16	(20)	(10,745,531.31)
Revenues treated as exemption for tax purposes		-		(3,997,296.68)
Expenses not deductible for tax purposes		4,250,703.58		13,218,637.22
Addition expenses deductible for tax purposes		(2,471.78)		-
Loss carry forward		(9,931,275.26)		1,548,132.65
Effects of elimination entries on consolidation		(1,790,129.70)		(23,941.88)
Current tax	-	-	-	-
Movement in temporary differences		(9,598,533.41)		874,669.96
Tax income (expense)	26	(9,598,533.41)	2	874,669.96

Separate financial statements				
2014		2013		
Tax rate		Tax rate		
(%)	Baht	(%)	Baht	
Profit (loss) before income tax	29,994,706.89		(52,053,065.45)	
Income tax using the corporate tax rate	20	5,998,941.38	(20)	(10,410,613.09)
Revenues treated as exemption for tax purposes		-		(3,997,296.68)
Expenses not deductible for tax purposes		4,250,703.58		13,218,637.22
Addition expenses deductible for tax purposes		(2,471.78)		-
Loss carry forward		(10,247,173.18)		1,189,272.55
Current tax	-	-	-	-
Movement in temporary differences		(9,598,533.41)		874,669.96
Tax income (expense)	32	(9,598,533.41)	2	874,669.96

## The Company and its subsidiary in Thailand

### Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period beginning on or after January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

Royal Decree No. 577 B.E. 2557 dated November 3, 2014 extends the reduction to 20% on net profit for the accounting period which begins on or after January 1, 2015, but not later than December 31, 2015.

The Company and its subsidiary in Thailand has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at December 31, 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

### Foreign Subsidiaries

#### Thai Capital Corporation (Guangzhou) Co., Ltd.

Current income tax is calculated based on statutory income tax of the People's Republic of China at the rate of 25%. There was no tax effect in other comprehensive income.

#### P.T. Thai Capital Indo Mining Co., Ltd.

Current income tax is calculated based on statutory income tax of the Republic of Indonesia at the rate of 25%. There was no tax effect in other comprehensive income.



## 24. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

The Group operates the business related to sale of coal. Therefore, management considers that the Group operates in a single line of business. The Group operates in both domestic and foreign. However, during the years ended December 31, 2014 and 2013, the Group has only revenues from domestic.

## 25. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2014, the Group had commitments and contingent liabilities as follows:

### The Company

25.1 The commitment in respect to the letter of guarantee issued by the bank in the amount of Baht 10 million.

25.2 Commitments for payment under agreement as follows:

25.2.1 The office rental and service agreement in the amount of Baht 0.25 million per month.

25.2.2 The advisory agreement with other parties in the amount of Baht 0.70 million per month, and with related party in amount of USD 5,000 per month.

25.2.3 The service agreement in the amount of Baht 0.41 million per month.

25.2.4 The purchase of equipment agreement in the amount of Baht 1.10 million.

### Subsidiaries

25.3 Commitments for payment under the office rental and services agreement in the amount of Rupiah 13 million per month.

## 26. DISCLOSURE OF FINANCIAL INSTRUMENTS

### 26.1 Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

## 26.2 Accounting policies

The details of significant accounting policies and methods used for classification of financial assets and financial liabilities including valuation, basis of recognition of income and expenses are disclosed in Note 3.

## 26.3 Financial risk management policies

The Group is exposed to fluctuations in interest rates and foreign exchange rates in the market and the risks from default of the agreements by counterparties. The Group had risk management policies as follows:

### 26.3.1 Interest rate risk

Interest rate risk is the fluctuation of the market interest rate in the future that will affect the Group's operations and cash flows. The Group has interest rate risk from cash and deposits at banks, and loans from banks because the interest rate of the financial assets and financial liabilities fluctuate based on the market rate. In addition, the Group has not engaged in any hedging contracts related to interest rates.

### 26.3.2 Foreign currency risk

The Group's exchange rate risk primarily involves the purchases and sales of goods in foreign currencies. As at December 31, 2014 and 2013, the Group had assets and liabilities in foreign currencies as follows:

	Millions							
	Consolidated financial statements				Separate financial statements			
	2014		2013		2014		2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Currencies								
US Dollars	0.24	-	0.32	0.24	0.06	0.11	0.11	0.46
Rupiah	0.66	-	7.86	2.35	0.66	2.89	7.86	2.60
Renminbi	-	-	-	-	-	0.04	-	0.04

### 26.3.3 Credit risk – trade receivables

The Group has a policy to hedge credit risk from trade receivables by forming a conservative credit policy and by determining the receipt from the sales of goods and service. Therefore, the Group expects that the loss from the collection of those trade receivables should not exceed the allowance for doubtful accounts.

## 26.4 Fair value

Most of the financial assets are trade receivables and most of the financial liabilities are trade payables which are short-term credit. The carrying amount of the financial assets and financial liabilities are not significantly different from their fair value.

## 27. RECLASSIFICATION

The Group has reclassified certain accounts in the financial statement for the year ended December 31, 2013 to conform with the presentation of the financial statements of this year consisted of:

	Baht					
	Consolidated financial statements			Separate financial statements		
	Before	Reclassification	After	Before	Reclassification	After
	reclassification		reclassification	reclassification		reclassification
Statement of financial position						
Other current assets	814,051.35	(533,101.84)	280,949.51	812,440.19	(533,101.84)	279,338.35
Other non-current assets	1,071,270.81	533,101.84	1,604,372.65	1,071,270.82	533,101.84	1,604,372.66
Statement of comprehensive income						
Cost of sales	825,206,730.35	4,242,706.34	829,449,436.69	825,206,730.35	4,242,706.34	829,449,436.69
Selling expenses	93,623,335.19	(17,800.00)	93,605,535.19	93,505,061.73	(17,800.00)	93,487,261.73
Adminstrative expenses	88,389,885.05	5,452,084.16	93,841,969.21	86,902,445.95	5,452,084.16	92,354,530.11
Allowance for declining						
in value of inventories	4,242,706.34	(4,242,706.34)	-	4,242,706.34	(4,242,706.34)	-
Management benefit expenses	5,396,219.20	(5,396,219.20)	-	5,396,219.20	(5,396,219.20)	-
Finance costs	87,841.96	(38,064.96)	49,777.00	39,586.91	(38,064.96)	1,521.95

## 28. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on February 26, 2015.



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