

ANNUAL REPORT

2013

• รายงานประจำปี 2556 •



บริษัท วนชัย กรุ๊ป จำกัด (มหาชน)
Vanachai Group Public Company Limited

Vanachai...

“ The Victory in Forest Protection ”

Vanachai's Wood-based Panel Industry originated from the concept of producing a substitute material for wood, the main raw material for construction industry and furniture production industry, which each year employ a tremendous amount of wood from natural forest.

At the same, each year there are up to 100,000 rai of cultivated forests as rubber plantations with rubber trees that produce no more latex which are felled and burned out wastefully, causing air pollution as well.



Through several decades of its wood-based panel industry, VANACHAI Group Public Company Limited was able to preserve over 3,000,000 rai of the country's natural forest.



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Investors can study the information of the company that issued the securities, more from the annual registration statement (form 56-1) of the companies that are listed on the company's web site www.sec.or.th

Report of the Board of Directors

To All Shareholders

As we all know that Thai economy in 2013 had slowed down from the year 2012 due to the decrease of the domestic demand as a major factor. The export was affected from the fluctuation of the global economy and uncertainty of the clear economic restoration in USA and Europe, especially in the first half of the year 2013, which was the subsequent effect from the year 2012.

According to such impact, it caused the Company and its subsidiaries to earn the revenue from sales in an amount of 8,481 million Baht in 2013, decreasing from the year 2012 by 13%, and net loss of 215 million Baht, decreasing from the year 2012 by 499 million Baht. The decreasing revenue from sales was the effect from the domestic and international sale values which reduced by 20% and 9%, respectively. The overall decrease in the first half of the year equaled to approximately 25%, comparing to that of the year 2012. This resulted to the net loss of operating results in the first half of the year 2013 in an amount of 282 million Baht to the Company and its subsidiary. However, in the second half of the year 2012, the international market had more confidence in the economic circumstances, resulting from the greater tendency of USA's economic situations. In the meantime, Europe had the stable or fairly greater economic circumstances. This resulted to the revenue from the total export sales of the Company and its subsidiary, which decreased by 11% from the same period of the year 2012 and increased by 23% from the first half of the year, while the revenue from the domestic sales still remained the same, similar to the first half of the year. This resulted to the net profit of operating results in the second half of the year 2013 in an amount of 67 million Baht to the Company and its subsidiary.

Regarding to the investment project of particle board capacity expansion with the target of the capacity of 240,000 cubic meters per year, it has been started implementing and distributing since the 3rd quarter of the year 2013. However, it was delayed comparing to the established action plan due to the impact of the flood crisis at the end of the year 2011. This situation caused the delay to the construction of factory and the installation of machineries.

According to the clearer restoration of the global economic which is fairly aggregated in some product groups and the slowdown of consumption and investment of domestic entrepreneurs resulting from the uncertainty of domestic economic situations, the Company has followed up the circumstances and managed all aspects in order to be able to compete in both domestic and international markets, including created the stability of the financial position and the efficiency of performances based on the economic conditions, maintained the financial liquidity, controlled likely higher production costs and maintained product's quality, and improved the production efficiently and corresponding to the situation and the market's demand in order to create the maximum economic value added to the Company and its subsidiary.

The Board of Directors wishes to express our appreciation to all customers, shareholders, business partners, agencies in both private and public sector, and financial institutes for supporting the operation of the Company continuously.



(Mr. Sompop Sahawat)

Chairman of Committee



(Mr. Wanthana Jaroennavarat)

Managing Director

Audit Committee's Report

Audit Committee of Vanachai Group Public Company are composed of the 3 Independent Directors in accordance with the qualifications and rules stipulated by The Stock Exchange of Thailand are as follows :

- | | |
|----------------------------|---------------------------------|
| 1. Mr.Nipon Wisityuthasart | Chairman of the Audit Committee |
| 2. General Vichit Yathip | Director of Audit Committee |
| 3. Mr.Kraithip Krairiksh | Director of Audit Committee |

Scope of authority and duties of the audit committee

1. To review accuracy and completeness of the company's financial statements.
2. To review the appropriateness and effectiveness of the company's internal control system and internal audit system.
3. To review that the company operates in line with the Securities and Exchange Act, the Regulations of the Stock Exchange of Thailand, or any other relevant laws.
4. To consider, select, purpose the company's independent auditors and their remuneration, attend the audit meeting without management participation at least 1 time a year.
5. To consider the related transactions which may cause a conflict of interest according to the law and securities exchange regulations to assure the reasonable and highest benefit to the company.
6. To made audit committee's performance report, presented in the company's annual report and signed by the chairman of the audit committee.
7. To perform any additional duties assigned by the company's Board of Directors with the consent of the Audit Committee.

During 2013s, audit committees hold 4 meeting (Always the Director Audit of Committees have to attend meeting) to trace and review in quarter financial statement proposal which has passed by Certified Public Accountant. Annual financial statement audited by Certified Public Accountant. To make sure that financial statements accurate and reveal the real financial status in compliance with the generally accounting principles. And respective consent to exposure important information an accurately and completely with the generally accounting principles by submitted to the board of directors for consideration.

After investigation of adequacy evaluation form of internal control has been done by audit committees, it reported that company internal control is appropriate adequately.

Audit committees have considered of the disclosure of any inter-related transactions or transactions with conflict of interests between company and its relevant affiliates and related person to make sure that company follow regulations and rules stipulated by The Stock Exchange of Thailand, also exposure of adequate information useful to investors. Trade transaction occurred among company, affiliates, other related companies, or interest group has been according to market price or fair dealing, comparable to transaction occurred to the outsiders. Also, company has exposed information accurately and completely.

Audit committees have appointed Certified Public Accountant are Mr. Ampol Chamnongwat Certified Public Accountant (Thailand) Registration No. 4663 or Ms. Praphasri Leelasupha Certified Public Accountant (Thailand) Registration No. 4664 or Ms. Yuphin Chumjai Certified Public Accountant (Thailand) Registration No. 8622 from SAM NAK-NGAN A.M.C Co., Ltd. who are independent and having no any benefits that may cause the conflict of interest to the company, its subsidiaries, management, major shareholders of stakeholders. Also extrapolated accounting audit expenditures for year 2014s total 690,000 Baht to submit board of approval and submit at shareholder common conference of year 2014s for future approval.



(Mr. Nipon Wisityuthasart)

Chairman of the Audit Committee

Important changes in 2013

For the year 2013, the company and its subsidiaries made a business turnover with a net loss of 215 million baht as compared with a net profit of 284 million baht for the year 2012, a decrease of 499 million baht. It was resulted from the global economic fluctuations including the economic difficulties facing the US and Europe and a slowdown of the Chinese economy, that affect the overall performance of the Thai economy to continue to slow down from the second half of 2012. Particularly the first half of 2013, total revenues from sales of the company and its subsidiaries declined by 25% from the same period of 2012 with a reduction in revenues from domestic sales and exports. Thus, this makes the overall business performance during the first half of the year a net loss of 282 million baht. However, for the second half of 2013 the US economy showed a sign of improvement while the EU and Chinese economies were sustained or showed little improvement. As foreign markets had more confidence over the economy, this contributed to an increase in the export revenue for the company and its subsidiaries by 11% as compared to that of the year 2012 and 23% from the first half of the year. While the overall domestic revenue was sustained at a similar rate as the first half of the year, the second half of 2013 the company and its subsidiaries came back with a net business turnover profit of 67 million baht.

In 2013, the project on Saraburi-plant Particle production capacity expansion with the capacity of 240,000 cubic meters per year started its production and distribution in the 3rd quarter of 2013, a delay from the planned schedule due to the flood effect towards the end of 2011 resulting in a delay in plant building construction and machinery installation.

The company expected the global economic situations in 2014 to be sustained and improved. This would result in a lesser degree of intense competition, especially in the foreign market. Nonetheless, the company and its subsidiaries would monitor and manage the effects on production costs of various products closely so that they remained competitive in the market. In addition, the efficient use of production capacity would be ensured so as to be in line with the management of liquidity adequately for the overall operations.

On the financial front, during the year 2013, the company paid up its matured long-term debts by the amount of 1,659 million baht. At the end of 2013, the company and its subsidiaries had the total liabilities of 7,088 million baht and the shareholder's equity of 6,003 million baht with the ratio of liabilities to the shareholder's equity of 1.18 to 1, which was regarded as a stable financial position. And in 2013, the company paid returns to shareholders in the form of dividend from the 2012 performance by the amount approximately 118 million baht, at the rate of 0.09 baht per share.

The Directors & Management Team

Mr. Sompop Sahawat

Age (year)	61
Position	Chairman of the Board of Directors Authorized Director
Date appointed	1 November 1994
Education	- Mechanical Diploma Fachhochschule Dortmund Germany - Director Accreditation Program (DAP) / 2004, Thai Institution of Directors Association (IOD)
Shareholding (%)	4.22% of Paid-up capital
Family Relationship between Executives	Uncle of Mr.Vasun Jaroenavarat Uncle of Mr.Wanthana Jaroennawarat Uncle of Mrs.Siriporn Chaipattanavanich Uncle of Mr.Patta Sahawat Uncle of Ms.Phattra Sahawat Uncle of Mr.Somprasong Sahawat
Working Experience in the last 5 years	
2008 - Present	Honorary Advisor The Thai Furniture Industries Association
2005 - Present	Chairman of the Board of Vanachai Panel Industries Co., Ltd. Directors
	Chairman of the Board of Vanachai Chemical Industries Co., Ltd. Directors
	Chairman of the Board of Woodtek International Co., Ltd. Directors
	Chairman of the Board of Particle Planner Co., Ltd. Directors
	Chairman of the Board of The Vanachai Group of Companies Co., Ltd. Directors
Criminal - Free Track record for the past 10 years :	None

Mr. Nipon Wisityuthasart

Age (year)	74
Position	Chairman of the Audit Committee Independent Director
Date appointed	15 December 1999
Education	- MA-Thai Nation Institute-Development Administration (NIDA) - Director Accreditation Program (DAP) / 2005, Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
1999 - Present	Chairman of the Audit Committee
	Vanachai Group PCL.
2013	Audit Committee/ Independent Director
	Grand Canal Land PCL./ Property Development
Criminal - Free Track record for the past 10 years	None

Police General Soontorn Saikwan

Age (year)	69
Position	Independent Director
Date appointed	19 April 2005
Education	- MA - Political Science Ramkhumhaeng University - Director Accreditation Program (DAP) / 2005, Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2005 - Present	Director
	Vanachai Group PCL.
2013	Chairman/ Audit Committee/ Independent Director
	PTG Energy PCL, / Energy and Infrastructure Business
2013	Independent Director
	Millcon Steel PCL. / The Steel industry
Criminal - Free Track record for the past 10 years	None

General Vichit Yathip

Age (year)	67
Position	Independent Director Audit Committee
Date appointed	25 April 2006
Education	- BA., Chulachomklao Royal Military Academy - National Defence College of Thailand - Director Accreditation Program (DCP/2008), Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2010-Present	Audit Committee Vanachai Group PCL.
2013	Audit Committee / Independent Director Bangkok Airways PCL. / Airline Business, Bangkok Airways Brand
2013	Audit Committee Independent Director Three Sixty Five PCL. / Public Relations and Advertising Media
2006 - 2010	Independent Director Vanachai Group PCL
Criminal - Free Track record for the past 10 years	None

Mr. Suebtrakul Soonthornthum

Age (year)	71
Position	Deputy Chairman of the Board of Directors Independent Director
Date appointed	1 November 1994
Education	- P.M.D. Harvard University (U.S.A.) - Director Accreditation Program (DAP/2004), Thai Institute of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2005 - Present	Deputy Chairman of the Board of Directors/ Independent Director Vanachai Group PCL.
2013	Director / Deputy Managing Director Loxley PCL. / Technology, Trade and Service Business
2013	Audit Committee Independent Director UOB PCL./ Banking business
Criminal - Free Track record for the past 10 years	None

Mr. Kraithip Krairiksh

Age (year)	59
Position	Independent Director Audit Committee
Date appointed	12 December 2008
Education	- Master of Economics TUFTS UNIVERSITY, MASSACHUSETTS, U.S.A. - Director Accreditation Program (DAP/2005), Thai Institute of Directors Association (IOD) - Defense Joint State-Private (Pro.) Class.16
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2008 - Present	Audit Committee Vanachai Group PCL.
2013	Chairman of Director/ Independent Director PACE Development Corporation PCL./ Property development
2013	Chairman of Director KT ZMICO Securities LTD. / Buy - Sell Securities Business
2013	Audit Committee/ Independent Director Samitivej PCL. / Hospital
Criminal - Free Track record for the past 10 years	None

Ms. Yupaporn Boongate

Age (year)	59
Position	Deputy Chairman of the Board of Directors Authorized Director
Date appointed	4 January 1995
Education	- Maetee Chuhawan College - Director Accreditation Program (DAP/2005), Thai Institute of Director Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	None
Working Experience in the last 5 years	
2005 - Present	Director Particle Planner Co., Ltd. Director Vanachai Chemical Industries Co., Ltd. Director Vanachai Panel Industries Co., Ltd. Director Woodtek International Co., Ltd.
1991 - Present	Director The Vanachai Group of Companies Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Vasun Jaroenavarat

Age (year)	58
Position	Director
Date appointed	1 November 1994
Education	- Diploma - Accounting Chetupon Commercial College (Bangmod) - Director Accreditation Program (DAP/2004), Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Elder of Mr.Wanthana Jaroennawarat Nephew of Mr.Sompop Sahawat Cousin of Mrs.Siriporn Chaipattananavich Cousin of Mr.Patta Sahawat Cousin of Ms.Phattra Sahawat Cousin of Mr.Somprasong Sahawat
Working Experience in the last 5 years	
1995 - Present	Director Vanachai Panel Industries Co., Ltd.
1994 - Present	Director Vanachai Chemical Industries Co., Ltd.
1993 - Present	Director Woodtek International Co., Ltd.
	Director Particle Planner Co., Ltd.
1991 - Present	Director The Vanachai Group of Companies Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Wanthana Jaroennawarat

Age (year)	53
Position	Authorized Director Managing Director
Date appointed	1 November 1994
Education	- PoomPalungPandin Courses for Executives (Class No.1), Chulalongkorn University - Chief Executive Program (Class No.13/2011), Capital Market Academy - Advance Security Management Program (ASMP 1/2009), The Association National Defence Collage - National Defence College, The Joint State - Private Sector Program (Class No.21/2008), The National Defence College (NDC) - MIE-Industrial Engineering King Mongkut's University of Technology North Bangkok, Thailand - Director Accreditation Program (DAP/2005), Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Younger of Mr.Vasun Jaroenavarat Nephew of Mr.Sompop Sahawat Cousin of Mrs.Siriporn Chaipattanavanich Cousin of Mr.Patta Sahawat Cousin of Ms.Phattra Sahawat Cousin of Mr.Somprasong Sahawat
Working Experience in the last 5 years	
2008 - Present	Honorary President The Thai Furniture Industries Association.
2008 - Present	Honorary Chairman of Thai Panel Products Industry Club The Federation of Thai Industries.
2004 - 2008	Association Chairman The Thai Furniture Industries Association.
2004 - 2008	Chairman of Thai Panel Products Industry Club The Federation of Thai Industries.
1995 - Present	Director Vanachai Panel Industries Co., Ltd.
1994 - Present	Director Vanachai Chemical Industries Co., Ltd.
1993 - Present	Director Particle Planner Co., Ltd.
1991 - Present	Director The Vanachai Group of Companies Co., Ltd.
1989 - Present	Director Woodtek International Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Suthep Chaipattanavanich

Age (year)	50
Position	Director
Date appointed	1 November 1994
Education	- BA-Marketing, Assumption University - Director Accreditation Program (DAP/2004), Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	Husband of Mrs. Siriporn Chaipattanavanich
Working Experience in the last 5 years	
2005 - Present	Director The Vanachai Group of Companies Co., Ltd.
1995 - Present	Director Vanachai Panel Industries Co., Ltd.
1994 - Present	Director Vanachai Chemical Industries Co., Ltd.
1993 - Present	Director Woodtek International Co., Ltd.
	Director Particle Planner Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mrs. Siriporn Chaipattanavanich

Age (year)	47
Position	Executive Director
Date appointed	1 November 1994
Education	BA-Finance Dhurakijpundit University
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Wife of Mr.Suthep Chaipattanavanich Niece of Mr.Sompop Sahawat Elder Sister of Mr.Patta Sahawat Elder Sister of Ms.Phattra Sahawat Cousin of Mr.Vasun Jaroenavarat Cousin of Mr.Wanthana Jaroennawarat Cousin of Mr.Somprasong Sahawat
Working Experience in the last 5 years	
1991 - Present	Director The Vanachai Group of Companies Co., Ltd.
1995 - 2011	Director Vanachai Panel Industries Co., Ltd.
1994 - 2010	Director Vanachai Chemical Industries Co., Ltd.
1993 - 2010	Director Woodtek International Co., Ltd. Particle Planner Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Nirun Suntipiromkul

Age (year)	60
Position	Deputy Managing Director - Factory
Date appointed	1 November 1994
Education	- MA-Accounting, Thammasart University - Director Accreditation Program (DAP/2004), Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
1994 - Present	Director/ Deputy Managing Director - Factory Vanachai Group PCL.
Criminal - Free Track record for the past 10 years	None

Mr. Patta Sahawat

Age (year)	41
Position	Authorized Director Vice Managing Director
Date appointed	25 April 2001
Education	- Diploma Mount Ida College, Massachusetts (USA) - Director Accreditation Program (DAP/2004), Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Nephew of Mr.Sompop Sahawat Younger of Mrs.Siriporn Chaipattanavanich Elder of Ms.Phattra Sahawat Cousin of Mr.Wanthana Jaroennawarat Cousin of Mr.Vasun Jaroenavarat Cousin of Mr.Somprasong Sahawat
Working Experience in the last 5 years	
2008 - Present	Vice Chairman Honorary of Thai Panel Products Industry Club The Federation of Thai Industries.
2005 - Present	Director The Vanachai Group of Companies Co., Ltd.
2002 - Present	Director Woodtek International Co., Ltd.
2001 - Present	Director Vanachai Panel Industries Co., Ltd. Director Vanachai Chemical Industries Co., Ltd. Director Particle Planner Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Ms. Phattra Sahawat

Age (year)	39
Position	Authorized Director Assistants Managing Director
Date appointed	25 April 2002
Education	- MSA. Multinational Commerce, Boston University (USA) - Director Accreditation Program (DAP/2004), Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-Up Capital
Family Relationship between Executives	Niece of Mr.Sompop Sahawat Younger of Mr.Patta Sahawat Younger of Mrs.Siriporn Chaipattananavich Cousin of Mr.Vasun Jaroenavarat Cousin of Mr.Wanthana Jaroennawarat Cousin of Mr.Somprasong Sahawat
Working Experience in the last 5 years	
2005 - Present	Director The Vanachai Group of Companies Co., Ltd.
2012 - Present	Director Vanachai Panel Industries Co., Ltd.
	Director Particle Planner Co., Ltd
	Director Vanachai Chemical Industries Co., Ltd.
	Director Woodtek International Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Somprasong Sahavat

Age (year)	37
Position	Authorized Director Assistants Managing Director
Date appointed	13 May 2003
Education	- MPA / ID, Harvard University (USA) - Director Accreditation Program (DAP/2004), Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Nephew of Mr.Sompop Sahawat Cousin of Mr.Vasun Jaroenavarat Cousin of Mr.Wanthana Jaroennawarat Cousin of Mrs.Siriporn Chaipattnavanich Cousin of Mr.Patta Sahawat Cousin of Ms.Phattra Sahawat
Working Experience in the last 5 years	
2011 - Present	Director Vanachai Panel Industries Co., Ltd.
2010 - Present	Director Particle Planner Co., Ltd. Director Vanachai Chemical Industries Co., Ltd. Director Woodtek International Co., Ltd.
2000 - Present	Director The Vanachai Group of Companies Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Surapong Dumrisilp

Age (year)	56
Position	Assistants Managing Director
Date appointed	1 February 2010
Education	BA-Accounting, Thammasart University
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2010 - Present	Assistant Managing Director Vanachai Group PCL.
2002 - 2010	Assistant Deputy Managing Director Vanachai Group PCL. Director
Criminal - Free Track record for the past 10 years	None

Mr. Phumsakdi Chullavallibha

Age (year)	49
Position	Assistants Managing Director
Date appointed	1 February 2010
Education	- MIE-Industrial Engineering, King Mongkut's University of Technology North Bangkok, Thailand
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2010 - Present	Assistants Managing Director Vanachai Group PCL.
1993 - 2010	Planning & Development Manager Vanachai Group PCL.
Criminal - Free Track record for the past 10 years	None

Mr. Witoon Samapath

Age (year)	54
Position	Executive Manager
Date appointed	1 June 1996
Education	Bachelor of Accounting, Thammasat University
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
1996 - Present	Executive Manager Vanachai Group PCL.
Criminal - Free Track record for the past 10 years	None

Mr. Aruck Tungtrakul

Age (year)	52
Position	Secretary
Date appointed	11 August 2008
Education	- BA-Accounting, Thammasart University - Practitioners Company Secretary course Class No.21/2009, Thai Company Secretary Club
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2008 - Present	Secretary Vanachai Group PCL.
Criminal - Free Track record for the past 10 years	None

Details about the holding a position of Executive and control authority in the company, subsidiaries and related companies.

Company List Name		Position	Subsidiary Companies				Related Companies									
			1	2	3	4	1	2	3	4	5	6	7	8	9	10
1. Mr. Sompop	Sahawat	X+✓+✓✓	X	X	X	X	X	X	X	X	X	X	X	X	X	
2. Mr. Nipon	Wisityuthasart	✓														
3. Pol. Gen. Soontorn	Saikwan	✓														
4. General Vichit	Yathip	✓														
5. Mr. Suetrakul	Soonthornthum	✓														
6. Mr. Kraithip	Krairiksh	✓														
7. Ms. Yupaporn	Boongate	✓+✓✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8. Mr. Vasun	Jaroenavarat	✓+✓✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
9. Mr. Wanthana	Jaroennawarat	✓+✓✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10. Mr. Suthep	Chaipattanavanich	✓+✓✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
11. Ms. Siriporn	Chaipattanavanich	✓✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
12. Mr. Nirun	Suntipiromkul	✓+✓✓✓														
13. Mr. Patta	Sahawat	✓+✓✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
14. Ms. Phattra	Sahawat	✓+✓✓✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
15. Mr. Somprasong	Sahawat	✓+✓✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
16. Mr. Surapong	Dumrisilp	✓✓														
17. Mr. Phumsakdi	Chullavullibha															
18. Mr. Witoon	Samapath															
19. Mr. Aruck	Tungtrakool															

X = Chairman

✓ = Director

✓✓ = Executive Director

Subsidiary Companies

1. Particle Planner Co., Ltd.
2. Woodtek International Co., Ltd.
3. Vanachai Chemical Industries Co., Ltd
4. Vanachai Panel Industries Co., Ltd.

Related Companies

1. The Vanachai Group of Companies Co., Ltd.
2. The Vanachai Intertrading Group Co., Ltd.
3. Firstwood Co., Ltd.
4. Woodland Co., Ltd.
5. Doctorwood Co., Ltd.
6. Vanachai Plywood Co., Ltd.
7. Vanachai Veneer and Plywood Co., Ltd
8. Mae Yai Co., Ltd.
9. Sunant Timber Co., Ltd.
10. Rich forest Co., Ltd

Amount of shares held by directors at December 31, 2013

Directors \ Company		Vanachai Group Plc.	Particle Planner Co., Ltd.	Vanachai Panel Industries Co., Ltd.	Vanachai Chemical Industries Co., Ltd.	Woodtek International Co., Ltd.
1. Mr. Sompop	Sahawat	54,999,933	1	1	1	1
2. Mr. Nipon	Wisityuthasart	-	-	-	-	-
3. Pol. Gen. Soontorn	Saikwan	-	-	-	-	-
4. General Vichit	Yathip	-	-	-	-	-
5. Mr. Seubtrakul	Soonthornthum	-	-	-	-	-
6. Mr. Kraithip	Krairiksh	-	-	-	-	-
7. Ms. Yupaporn	Boongate	27,499,966	1	1	1	1
8. Mr. Vasun	Jaroenavarat	27,499,966	1	1	1	1
9. Mr. Wanthana	Jaroennawarat	27,499,966	1	1	1	1
10. Mr. Suthep	Chaipattanavanich	-	-	-	-	1
11. Mr. Nirun	Suntipiromkul	-	-	-	-	-
12. Mr. Patta	Sahawat	27,499,966	1	-	1	-
13. Ms. Phattrra	Sahawat	27,499,966	-	1	-	1
14. Mr. Somprasong	Sahavat	27,500,000	1	1	1	-

The Subsidiary and related companies have not issue any debenture so there is no holding of debenture in subsidiary and related companies.

Policy and Business Operation Overview

Vision

The meaning of the name “Vanachai” is “Victory of Forest Conservation”, representing the vision of the Company’s business operation, which generates the proud of all shareholders and employees in the Vanachai Company Group.

Efficient business operation, commitment of returning the highest benefits to customers, and environmentally-friendly industry are the good corporate governance principle that the Company always adheres to and complies with strictly.

Sincerity towards customers and customers’ reliability are considered to be the most important factors of Vanachai. To be customers of Vanachai is not only to use qualified products, but it also means that customers participate in the environmental conservation for maintaining its fertility sustainably and harmoniously.

Personnel of the Company are the key factor of the Company. As a result, the Company pays attention to develop skills and knowledge of employees, including promote them to make the occupational progress continuously.

Philosophy and Goal

Philosophy of the wood industry of Vanachai is to conserve the forest. This is the fundamental principle that our Company has adhered to in doing business with the environmentally-friendly system since its start-up. The 2 main objectives and goals of the Company are as follows;

1. Being the leadership in the wood substitute board industry
2. Being the leadership in the forest conservation

Being the leadership in the wood substitute board industry in Thailand and being the leadership in the forest conservation are proven that the Vanachai does not emphasize on the development of production and competition competency only, but we are also aware of the importance and value of natural resources.

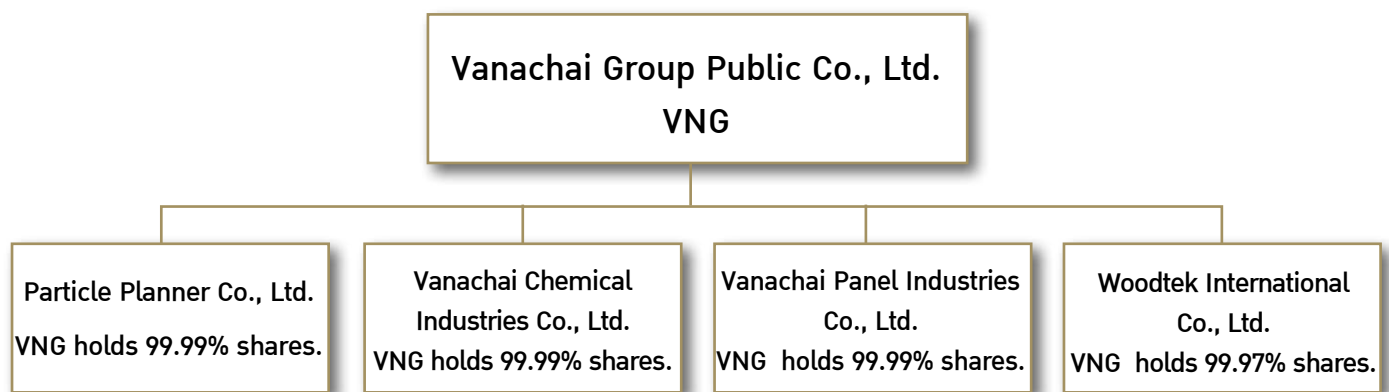
Vanachai operates its business with the environmental awareness, manufactures and creates qualified wood substitute board products. Selecting products of Vanachai is not only to use qualified products, but it also means that customers participate in the environmental conservation for maintaining its fertility sustainably and harmoniously. All products of Vanachai are derived from the industry which is aware of the environment and forest conservation. Technologies used in this industry are qualified and manufacture standard products based on the balanced natural conservation.

Business Objectives

The company has emphasized top quality of products as compared to the competitors. Regarding to cost, the maximum production capacity has been implemented. It is considered as the company's strength in contending with the competitors. The scrap wood will be reused as raw material to allow for the effective usage. Management has been reviewed regularly so that the company's employees work productively and effectively. Continuous development has been concentrated, including product development and work expansion. Examination has been carried out continually and reasonable projects have been established suitably to the current economic situation. This is to ensure of the leadership in the wooden board - natural wood substitution industry. In addition, products would have been distributed to the overseas market appropriately. Customer management will correspond to the company's production capacity.

Shareholders' Structure of the Group

The company has a policy that focuses on ensuring the ability of its subsidiaries to produce quality products with cost competitiveness that helps to support revenues and distribution of goods within the Group. Members of the Board of Directors shall be members of the Board of Directors of subsidiaries as well so that the policy can be translated and performance controlled in the subsidiaries in consistent with the determined direction and policy.



Type of business of the company and its subsidiaries

Company	Type of Business	Paid-Up Capital (Million Baht)	% Shareholding
Vanachai Group Public Co., Ltd.	Manufacture MDF Board, Moulded Doorskins, Laminate MDF Board, Laminate Particleboard and Laminate Flooring for local and export sales.	1,305.84	-
Particle Planner Co., Ltd.	Manufacture Particleboard for local and export sales.	250	99.99%

Company	Type of Business	Paid-Up Capital (Million Baht)	% Shareholding
Vanachai Chemical Industries Co., Ltd.	Manufacture resin and Melamine impregnated paper for among the Vanachai Group sales	150	99.99%
Vanachai Panel Industries Co., Ltd.	Manufacture Particleboard, MDF Board, Laminate Particleboard, and Laminate MDF Board for local and export sales.	4,300	99.99%
Woodtek International Co., Ltd.	Operate marketing business for all products under the Vanachai Group PCL.	2	99.97%

Type of business of the related company

Company	Type of Business	% Shareholding
1. The Vanachai Group of Companies Co., Ltd.	Holding Company	See details in topic Shareholding
2. Vanachai Intertrading Group Co., Ltd	Holding Company	100% Shareholding by the directors of the Vanachai Group PCL. The the Vanachai Group of CompaniesCo., Ltd.
3. Firstwood Co., Ltd	Office for lease	The Vanachai Intertrading GroupCo., Ltd. holds 99.99% shares.
4. Woodland Co., Ltd.	Manufacture Flush and moulded doors	The Vanachai Intertrading GroupCo., Ltd holds 99.99% shares.
5. Doctorwood Co., Ltd.	Warehouse Service for rent	The Vanachai Intertrading GroupCo., Ltd. holds 99.99% shares.
6. Vanachai Plywood Co., Ltd.	Warehouse for lease and unloading and shipment wharf	100% shareholding by the directors of the Vanachai Group PCL. and the Sahavat Family
7. Vanachai Veneer and Plywood Co., Ltd.	Manufacture plywood and Laminate plywood Board	The Vanachai Intertrading GroupCo., Ltd. holds 99.99% shares.
8. Maeyai Co., Ltd.	Manufacture MDF Board with impregnated plywood	The Vanachai Intertrading GroupCo., Ltd. holds 99.99% shares.
9. Sunant Timber Co., Ltd.	Manufacture and distribute of Veneer	The Vanachai Intertrading GroupCo., Ltd. holds 99.99% shares.
10. Rich Forest Co., Ltd	Planting Eucalyptus Forest	100% shareholding by the directors of the Vanachai Group PCL. and the Sahavat Family

Investment (in relevant companies) is intended to consolidate all companies in a group that produce and distribute wood-based panel, and other related products, company aim at high quality products with competitive cost, encourage and support income and distribution among groups. Board of Directors act as managing committee of affiliates so that to device policy and regulate operation to achieve designated target goal and policy.

Types of Business

Vanachai Group Public Company Limited, whose former name was MDF Planner Co., Ltd. has been established on February 23, 1989, and registered as public company on November 1, 1994. Later, in 1995, the company has become a listed company in the Stock Exchange of Thailand, and paid capital sum of 1,305,839,127 Baht on December 31, 2013.

The company and its subsidiaries have operated, produced, and distributed panel boards, which being used as a substitute for natural wood and other related products. The following are main products is MDF Board and Particleboard

Providing Products or Services

The Company and its subsidiaries has a location-based factory. And capacity as follows:

Company	Factory location	manufacture products	Capacity (per year)
Vanachai Group	22/1 Banbung-Neinmok Road, NongErun, Banbung District, Chonburi	-MDF Board	270,000 Cubic Metre
		-Moulded Doorskins	3,600,000 sheet
		-Laminated Flooring	2,200,000 Square Meter
	112 Kaeng Khoi Industriel Estate, BanThad, Kaeng Khoi District, Saraburi	-MDF Board	90,000 Cubic Metre
		-Laminated Flooring	4,147,200 Square Meter
		-Particleboard (year 2013)	60,000 Cubic Metre.
Particle Planner	22/2 Banbung-Neinmok Road, NongErun, Banbung District, Chonburi	-Particleboard	150,000 Cubic Metre
Vanachai Panel Industries	115 Moo. 3 ThungLuang, Wiengsra District, Surathani	-Particleboard	750,000 Cubic Metre
		-Malamine Laminated of Particle and MDF Board	8,800,000 Cubic Metre
		-MDF Board	510,000 Cubic Metre
Vanachai Chemical Industries	10 Soi G-14 Pakornsongkrohraj Road, Maptaphut, Mueng District, Rayong	-Urea formaldehyde Resin	176,000 Ton
		-Malamine paper	28 Million Square Meters

Important Production Policy

The company and its subsidiaries emphasize quality excellence of the products, as well as the product quality consistency. There are controls over every step of the production procedures, from raw materials to tests of the quality of work-in-progress at every step up to the finished products such that the quality of goods is acceptable by customers under competitive costs. The company has a policy to produce by customer order and to produce to ensure approximately 1 month of inventory.

In addition, regarding the emphasis of the production policy and quality work system, the company and its subsidiaries have been certified ISO 9001 Standard for Vanachai Group Public Company Limited, Particle Planner Company Limited and Vanachai Panel Industries Company Limited.

Business of related companies.

Company	Type of Business	% Shareholding
1. The Vanachai Group of Companies Co., Ltd.	Holding Company	See details in topic Shareholding
2. Vanachai Intertrading Group Co., Ltd	Holding Company	100% Shareholding by the directors of the Vanachai Group PCL. The shareholding structure is similar to the Vanachai Group of Companies Co., Ltd..
3. Firstwood Co., Ltd.	Office for lease	The Vanachai Intertrading Group Co., Ltd. holds 99.99% shares.
4. Woodland Co., Ltd.	Manufacture Flush and moulded doors	The Vanachai Intertrading Group Co., Ltd. holds 99.99% shares.
5. Doctorwood Co., Ltd.	Warehouse Service for rent	The Vanachai Intertrading Group Co., Ltd. holds 99.99% shares.
6. Vanachai Plywood Co., Ltd.	Warehouse for lease and unloading and shipment wharf	100% shareholding by the directors of the Vanachai Group PCL. and the Sahavat Family
7. Vanachai Veneer and Plywood Co., Ltd.	Manufacture plywood and Laminate plywood Board	The Vanachai Intertrading Group Co., Ltd. holds 99.99% shares.
8. Maeyai Co., Ltd.	Manufacture MDF Board with impregnated plywood	The Vanachai Intertrading Group Co., Ltd. holds 99.99% shares.
9. Sunant Timber Co., Ltd.	Manufacture and distribute of Veneer	The Vanachai Intertrading Group Co., Ltd. holds 99.99% shares.
10. Rich Forest Co., Ltd.	Planting Eucalyptus Forest	100% shareholding by the directors of the Vanachai Group PCL. and the Sahavat Family

Investment (in relevant companies) is intended to consolidate all companies in a group that produce and distribute wood-based panel, and other related products, company aim at high quality products with competitive cost, encourage and support income and distribution among groups. Executive Director act as managing committee of subsidiaries companies so that to device policy and regulate operation to achieve designated target goal and policy.

Product Description

1. MDF Board

The main products of the company is MDF Board which is made from wood fibre or plant fibre, mixed with resin adhesive, through the continuous hot pressed into the panel for the high density dispersed throughout the board.

2. Particleboard

Particleboard products are made from small pieces of wood which is pressed then adhered by resin to bond its structure of the particleboard. The upper and lower layers of the particleboard are composed of small fine pieces of wood, while the middle layer are rough wood. Therefore, its physical properties is not suitable for nail attachment, edge trimming or board's surface grooving.

Competitiveness

From the economic problems facing the US and Europe, as well as the slowdown of the Chinese economy that have a continuous downward effect to Thailand's overall economic situations, especially during the first half of 2013, falling demand of goods in foreign markets results in fierce competition both in the domestic market and foreign market. Total revenues from sales of the company and its subsidiaries have declined by 25% as compared with that of the same period in 2012 both in revenues from domestic sales and exports. However, the second half of 2013, the US economy has improved while Europe and China have sustained or show little improvement. Foreign markets have more confidence in the economy, resulting in higher demand, and reduced competitiveness. Total revenues from sales and export increase approximately by 11% from the same period of 2012, and increase by 23% from the first half of the year, while total revenues from domestic sales have still sustained at a similar rate as the first half of the year.

For the overall performance of 2013, the sales of key products of the company and its subsidiaries have been from MDF Board and Particleboard, a decline from 2012. The volume of sales, value of sales, and average price of MDF Board decreases by 2, 17, and 15%, respectively. While the volume of sales, value of sales, and average price of Particleboard decreases by 11, 19, and 9%, respectively. The main reason is dedicated to the global economic situation that has shown no sign of recovery which results in fierce competition in the market in the first half of 2013 and gradually recovers towards the second half of the year, as mentioned above.

And for the company and its subsidiaries to retain their leadership in this industry, in 2013, the project on Particleboard production with production capacity of 240,000 cubic meters per year at the Saraburi plant started in

the third quarter of 2013 in order to meet the increasing market demand during the economic recovery.

The company aims to develop quality products that are suitable for customers' use, to develop the production process that ensures cost competitiveness, to create value added to the products to ensure customer satisfaction, to expand distribution channels in order to compensate for troubled markets or fierce competition, to improve and develop the management system under ISO 9001: 2008 to ensure acceptance and competitiveness with other producers in this industry effectively.

Domestic Market

MDF Board

In the MDF industry, There are 5 major MDF manufacturers in Thailand with total production capacity of approximate 2,210,000 cubic meters on annual basis. The company is one of the major manufacturers with production capacity of 870,000 cubic meters yearly, or accounting for 39.37% of total production capacity. In 2013, the domestic sales of the MDF decreases by 21% from the year 2012 while sales values reduce by 27%.

Particleboard

In the Particleboard industry, There are 11 major Particleboard manufacturers in Thailand with total production capacity of approximate 2,910,000 cubic meters on annual basis. The company is one of the major manufacturers with production capacity of 960,000 cubic meters yearly, or accounting for 32.99% of total production capacity. In 2013, the domestic sales of the Particleboard decreases by 24% from the year 2012 while sales values reduce by 28%.

Overseas Markets

MDF Board

The company and its subsidiaries' overseas sales volume increases by 3% and sales values reduces by 15%. The average selling price of the product decreased from 2012, as resulted of the global economy did not recovered and price competition in the global market.

Particleboard

Its subsidiaries of companys' has the volume of foreign sales increases by 7% and sales values reduces by 5% from the year 2012, due average selling price reduces of the product by 11% from the year 2012, as resulted American and Europe global economy did not recovered. Affect product demand to slow down and competition in the international market is quite fierce.

The U.S. economy has improved while Europe economy is stable or slightly improved but it still has not clear about its stability. There might be some new effects occur to the world economy. The company has evaluated the change of marketing and production strategies to be conformed closely. The appropriate adjustment of market share by maintaining the current market share and expanding the new market such as Middle East countries was the target. The increase of sales volume to the high potential demand of current markets such as Malaysia,

Vietnam and Indonesia must also correspond to the production policy while maintaining the quality of the products and adjusting the production standard for cost competition in the market.

Revenues structure

(Unit : Million Baht)

Product	Operator	% of Share Holding	2013		2012		2011	
			Revenue	%	Revenue	%	Revenue	%
MDF Board	Vanachai Group Plc.		4,549.39	54	5,490.54	56	5,846.98	57
	Vanachai Panel Industries Co., Ltd.	99.99						
Particleboard	Vanachai Group Plc.		2,235.40	26	2,717.40	28	3,128.77	31
	Particle Planner Co., Ltd	99.99						
	Vanachai Panel Industries Co., Ltd.	99.99						
Melamine Laminated of Particle and MDF Board	Vanachai Group Plc.,		728.81	9	769.88	8	682.72	7
	Vanachai Panel Industries Co., Ltd.	99.99						
Moulded Doorskins	Vanachai Group PCL.,		677.43	8	480.83	5	380.61	4
Laminated Flooring	Vanachai Group PCL.,		251.58	3	274.99	3	155.85	1
Resin, impregnated paper and	Vanachai Chemical Industries Co., Ltd.	99.99						
Other	Company's Group Co., Ltd.		38.18	0	33.00	0	41.38	0
Total sales			8,480.79	100	9,766.64	100	10,236.31	100

Business Objectives

The company has emphasized top quality of products as compared to the competitors. Regarding to cost, the maximum production capacity has been implemented. It is considered as the company's strength in contending with the competitors. The scrap wood will be reused as raw material to allow for the effective usage. Management has been reviewed regularly so that the company's employees work productively and effectively. Continuous development has been concentrated, including product development and work expansion. Examination has been carried out continually and reasonable projects have been established suitably to the current economic situation. This is to ensure of the leadership in the wooden board - natural wood substitution industry. In addition, products would have been distributed to the market appropriately. Customer management will correspond to the company's production capacity.

Risk Factors

Market and Price Risk

The company and its subsidiaries represent a leading manufacture and distributor for such products as MDF, particleboard, Doorskin, melamine-coated MDF, melamine-coated particleboard, and Laminated flooring. These products are distributed to the manufacturers and distributors in various industries, for examples, construction and decoration, furniture, industrial electronics such as speaker domestically and internationally.

The Company and its subsidiaries, production capacity. MDF board 870,000 m³ per year and Particle board 900,000 m³ per year, representing 39.37% and 32.99% of the total capacity of the country. This is a major manufacturer of the country.

The fact that the recovery of the global economy was not clearly present in the first half of the year affects the consumer confidence. Demand in foreign markets continues to contract strongly since towards the end of 2012 and inevitably affects the domestic market. Competition in foreign markets from many exporters makes the average price of the main product of the company and its subsidiaries, namely MDF Board and Particleboards, in the foreign markets to decline by 21% and 13%, respectively, from those of 2012. Furthermore, competition in foreign markets has declined during the second half of 2013 due to a clear recovery of the US economy and the sustained European economies, making the demand in foreign markets to rise. The average sale prices of both main products in the foreign markets have increased by approximately 4% and 6%, respectively, from the first half of 2013.

Risk of Currency Exchange

The company has no foreign exchange risk hedging agreement. However, the company has closely monitored the currency exchange situation and considers the use of the financial instruments to accommodate the risk in currency fluctuation that may affect the company as most effectively as possible.

Bad debt risk

The company has no risk of nonpayment from its trade customers since the company and its subsidiaries export sales accounting for 64% In year 2013 of the total sales is guaranteed by the L/C opening or prepaid customers. Meanwhile, the local sales which claim 36% of total sales rely on the related companies, and companies with the strong financial status and good creditability. Due to long time trading an appropriate consideration for allowance for doubtful accounts. To speed up to owe its overdue. Additionally, the company places emphasis on providing trade credit term for the long-term relationship trade customers, or requiring the bank guarantee statement from the large

purchasing amount customers in order to partially prevent the risk. Therefore, company has no risk an unpaid from debtor its on less level.

Interest rate risk

The short-term debts of the company and its subsidiaries are overdrafts and short-term loans from financial institutions as at December 31, 2013 in the amount 1,676.78 million Baht. The short-term institution debts uses for the company's liquidity. Interest rates are determined by interest rates of financial lenders. In future, the change of market interest rate that may increase around 0.25% resulting the higher interest expense about 4.2 million baht. Then impact the company's operation and cash flow as well. Company and its subsidiaries have to consideration data the short-term loans of financial institution debts become to decrease cost of company.

Risk of major shareholders holding more than 50% of total shares

As of March 25, 2014, the family of Sahavat, Jaroennawarat, Boongate and Chaipattanavanich hold shares in the company approximately 69.99% of total shares outstanding. As a result, they are able to manipulate the resolution of the shareholders' meeting in almost matters either the appointment of directors or the approval of other matters having acquired the majority vote; except matters relating to laws or articles of association, which requires at least three quarters vote of the shareholders' meeting. It, thus, may be impossible for other shareholders to gather votes to check and balance the power on the matters proposed by the major shareholders.

Corporate Information of Company and Its Subsidiaries Companies

Corporate Information of Company

Vanachai Group Public Company Limited

- Registered capital : Bht. 1,425.84 million,
1,425.84 million ordinary shares at Bht.
1.00 each.
- Issued ordinary shares that already paid-up :
1,305.84 million share at Bht. 1.00 each
- ◆ Manufacture :
 - MDF Board
 - Moulded Doorskin
 - Laminated MDF Board
 - Laminated Particleboard
 - Laminated Flooring
 - Particleboard
 - For local and export sales
- Head office
2/1 Wongsawang Road, Bang sue, Bangkok
Tel. 0 2585 4900-3, 0 2913 2180-9
Fax. 0 2587 0516, 0 2587 9556
- Factory
22/1 Banbung-Neinmok Road.,
Banbung, Chonburi
Tel. 0 3829 7322-30
Fax. 0 3829 7334
- Factory
112 Kangkoi Industrial Estate, Moo 1, Tambon
Ban - That, Kangkoi, Saraburi.
Tel. 0 3624 5644

Corporate Information of Its Subsidiaries Company

Particle Planner Company Limited

- Registered capital : Bht. 250 million,
2.5 million ordinary shares
at Bht. 100.00 each.
- Issued ordinary shares that already
at Bht. 100.00 each
- ◆ Manufacture :
Particleboard For local and export sales
- Head office
2/1 Wongsawang Road, Bang sue, Bangkok
Tel. 0 2585 4900-3, 0 2913 2180-9
Fax. 0 2587 0516, 0 2587 9556
- Factory
22/2 Banbung - Neimok Road.,
Banbung, Chonburi
Tel. 0 3829 7322-30
Fax. 0 3829 7334

Vanachai Panel Industries Company Limited

- Registered capital : Bht. 4,300 million,
430 million ordinary shares
at Bht. 10.00 each
- Issued ordinary shares that already
paid-up : 430 million share at Bht.
10.00 each.
- ◆ Manufacture:
Particleboard
MDF Board
laminated MDF Board
laminated particleboard
For local and export sales
- Head office
2/1 Wongsawang Road, Bang sue, Bangkok
Tel. 0 2585 4900-3, 0 2913 2180-9
Fax. 0 2587 0516, 0 2587 9556
- Factory
8/8 Moo 1 Khao - Niphun, Wieng Sra, Suratthani
115 Moo 3 Thungluang, Wieng Sra, Suratthani
Tel. 0 7727 8500
Fax. 0 7730 1130

Vanachai Chemical Industries Company Limited

- Registered capital : Bht. 150 million,
15 million ordinary shares at Bht. 10.00 each
- Issued ordinary shares that already
paid-up :15 million share
at Bht. 10.00 each
- ◆ Manufacture resin and impregnated
paper for support usage among the
Vanachai Group
- Head office
2/1 Wongsawang Road, Bang sue, Bangkok
Tel. 0 2585 4900-3, 0 2913 2180-9
Fax. 0 2587 0516, 0 2587 9556
- Factory
10 Soi G-14 Prakornsongkroaraj Road.,
Mabtapud, Muang, Rayong
Tel. 0 3868 5071-2
Fax. 0 3868 3562

Woodtek International Company Limited

- Registered capital : Bht 2 million,
20,000 ordinary shares
at Bht. 100.00 each.
- Issued ordinary shares that already
paid-up : 20,000 shares
at Bht. 100.00 each
- ◆ Operate marketing business for all
products under the Vanachai Group
- Head office
2/1 Wongsawang Road, Bang sue, Bangkok
Tel. 0 2585 4900-3, 0 2913 2180-9
Fax. 0 2587 0516, 0 2587 9556

REFERENCE

(A)	Share Register	THAILAND SECURITIES DEPOSITORY CO., LTD.
	Address	62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110
	Tel.	662-229-2800
	Fax.	662-359-1259
(B)	Auditor	SAM NAK-NGAN A.M.C. Co., Ltd.
	Address	4 th Unit, 19 th Floor, Silom Complex Building, 191 Silom Road, Bangrak, Bangkok 10500
	Tel.	662-231-3980-7
	Fax.	662-231-3988
	Auditor Name	Mr. Ampol Chamnongwat CPA. No. 4663 or Miss Praphasri Leelasupha CPA. No. 4664 or Miss Yuphin Chumjai CPA. No. 8622

Shareholders

(1) Major Shareholders

- (a) The top ten of shareholders and the amount of shares on the closing registration date as of March 25th, 2014.

Rank	Shareholders	No. of Shares	% **
* 1	The Vanachai Group of Companies Co., Ltd.	639,020,466	48.936
* 2	The Sahavat Family	164,999,865	12.636
* 3	The Jaroennawarat Family	54,999,932	4.212
	Bangkok Bank PCL	43,970,760	3.367
* 5	Ms.Yupaporn Boongate	27,499,966	2.106
* 6	Mrs.Siriporn Chaipattanavanich	27,499,966	2.106
	Mr.Anucha Kijthanamongkolchai	21,930,000	1.679
	Asset Management multiply Company Limited	19,005,300	1.455
	Dr. Pransarn Khemakongkanon	9,970,000	0.763
10	East Fourteen Limited-Ddimensional Emar Mkts Value Fd	8,446,600	0.647
	Total	<u>1,017,342,855</u>	77.907

The Sahavat Familiy consists of Mr.Sompop, Mr.Patta, Mr.Somprasong, Ms.Phattra and Ms.Somjairak

The Jaroennawarat Family consists of Mr.Vasun and Mr.Wanthana

* Holding shares together approximately 69.99% of total shares

** % = percentage of total number of shares in issue, totaling 1,305,839,127 shares

(b) Details of the shareholders of The Vanachai Group of Companies Co., Ltd. (The Holding Company)

Rank	Shareholders	No. of Shares	%
1	Mr. Sompop Sahawat	1,020,000	20
2	Ms.Yupaporn Boongate	510,000	10
3	Mr.Vasun Jaroenavarat	510,000	10
4	Mr.Wanthana Jaroennawarat	510,000	10
5	Mrs.Siriporn Chaipattanavanich	510,000	10
6	Mr.Patta Sahawat	510,000	10
7	Ms.Phattra Sahawat	510,000	10
8	Mr.Somprasong Sahavat	510,000	10
9	Ms.Somjairak Sahavat	510,000	10
	Total	5,100,000	100

% = percentage of total number of shares in issue

(2) Agreement between the major shareholders. (Shareholding agreement) on matters affecting the issuance and sale of securities. Or the management of The agreement signed with the company.

-None-

Dividend payment policy

The dividend payment rate will correspond to the company's policy that would be not less than 40% of the net profit in the fiscal financial statement. This net profit would be after every legal and company's regulation reserve including accrual of loss (in case). However, all factors including legal, company's financial status, current liquidity, conditions, regulations of the every contracts, investment of the every contracts, investment of the future plans will be taken to consider before dividend payment.

For the company's subsidiaries, the dividend payment would not less than 40% of the annual nit profit.

Management Structure

The Board of Directors consists of

	Name	Position	Meeting attendance the Board of Directors / Total meeting	Meeting attendance the Audit Committee / Total meeting	Meeting attendance the General Meeting of Shareholders / Total meeting
*	1. Mr.Sompop Sahawat	Chairman of the Board of Directors	7/7		1/1
	2. Mr.Nipon Wisityuthasart	Chairman of the Audit Committee / Independent Director	7/7	4/4	1/1
	3. Pol.Gen. Soontorn Saikwan	Independent Director	7/7		1/1
	4. General Vichit Yathip	Independent Director / Audit Committee	7/7	4/4	1/1
	5. Mr.Suebtrakul Soonthornthum	Deputy Chairman / Independent Director	7/7		1/1
	6. Mr.Kraithip Krairiksh	Independent Director / Audit Committee	6/7	4/4	1/1
*	7. Ms.Yupaporn Boongate	Deputy Chairman	6/7		1/1
	8. Mr.Vasun Jaroenavarat	Director	7/7		1/1
*	9. Mr.Wanthana Jaroennawarat	Managing Director	7/7		1/1
	10. Mr.Suthep Chaipattanavanich	Director	7/7		1/1
	11. Mr.Nirun Suntipiromkul	Deputy Managing Director-Factory	7/7		1/1
*	12. Mr.Patta Sahawat	Director	6/7		1/1
*	13. Ms.Phattra Sahawat	Director	6/7		1/1
*	14. Mr.Somprasong Sahawat	Director	7/7		1/1

* These directors are authorized to sign on behalf of the company

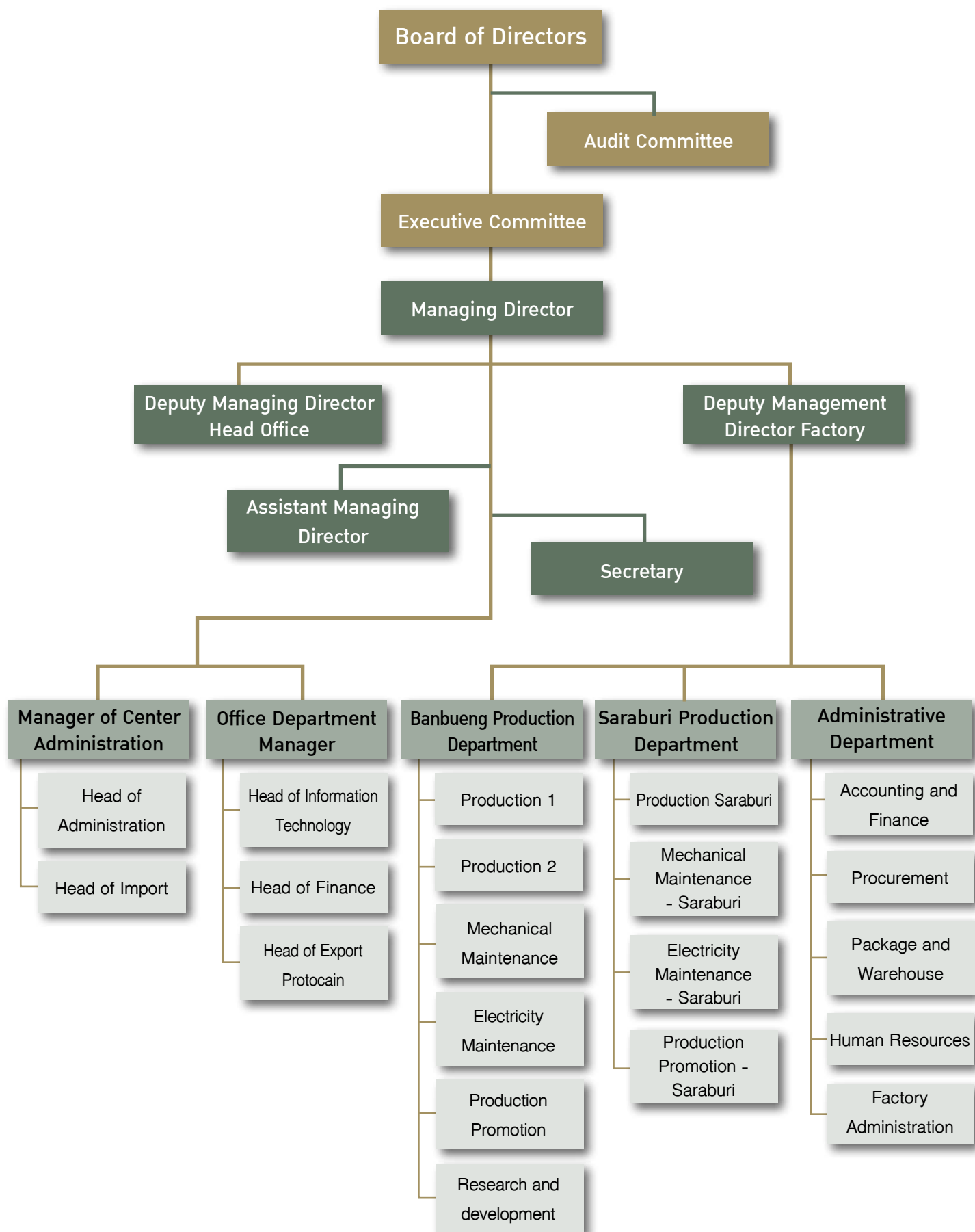
Authorized directors

The directors eligible to sign on behalf of the company are Ms.Yupaporn Boongate or Mr.Patta Sahawat or Ms.Phattra Sahawat sign with either Mr.Sompop Sahawat or Mr.Wanthana Jaroennawarat or Mr.Somprasong Sahawat. Altogether two of them with the company's seal affixed.

Management according to the Stock Exchange Comision's definition composes as follow :

Name		Position
1. Mr.Nirun	Suntipiromkul	Deputy Managing Director - Factory
2. Mr.Patta	Sahawat	Deputy Managing Director - Head Office
3. Mr.Surapong	Dumrisilp	Assistant Managing Director
4. Mr.Phumsakdi	Chullavullibha	Assistant Managing Director
5. Ms.Phattra	Sahawat	Assistant Managing Director
6. Mr.Somprasong	Sahawat	Assistant Managing Director
7. Mr.Witoon	Samapath	Executive Manager

Management company within the company structure at 31 December 2013



Secretary of the Company

The Company's Board of Directors has a resolution to assign Mr. Aruck Tungtrakool to be the secretary of the company starting from the date of 11th August 2008.

Responsibilities of the Secretary of the Company

The secretary of the company is responsible for the duties as stipulated in Article 89/15 and Article 89/16 of the Securities and Exchange Act (No.4) B.E. 2551, being effective since the date of 31st August 2008, with accountability, carefulness, and uprightness. In addition, the secretary must operate according to relevant laws, objectives and regulations of the company, the committee's resolutions, as well as the resolutions derived from the shareholders' meetings. The secretary's responsibilities as stipulated by law include:

- (1) Prepare and keep the following documents:
 - (a) Records of directors;
 - (b) the Board of Directors' meeting appointment letters, minutes of the meetings, and the company's annual report;
 - (c) the shareholders' meeting appointment letters and minutes of the shareholders' meetings.
- (2) Keep the report on the interests of the directors or executives, and send a copy of the report, according to Article 89/14, to the Chairman of the Board of Directors and the Chairman of the Audit Committee for acknowledgement within 7 working days from the date of receiving such a report.
- (3) Carry out other tasks as assigned by the Capital Market Supervisory Board.

In addition, the secretary of the company is also responsible for the following tasks assigned by the Board of Directors:

- 1) Tasks related to the meeting:
 - Arrange meetings, coordinate and gather documents for shareholders, and follow up and review the meeting agenda;
 - Keep documents related to the meetings such as minutes of the meetings of the Board of Directors, minutes of the shareholders' meetings.
- 2) Ensure the compliance of related laws and regulations
 - Monitor and examine the company's implementation regarding the memorandum of association, the company's regulations, the Securities and Exchange Act, Public Limited Companies Act, etc.

- 3) Prepare, gather and disseminate information
 - Prepare a draft of the Message from the Board of Directors regarding business performance, coordinate the dissemination of the annual report and the financial statement;
 - Gather a list of shareholders' names and examine the movement of such a list;
 - Report the asset holding according to the regulations stipulated by the Stock Exchange of Thailand.
- 4) Report information according to the requirements of the Stock Exchange of Thailand and investors
 - Increase/decrease of capital, acquisition or distribution of the assets of the registered company and subsidiaries;
 - Prepare information and coordinate in order to communicate with investors and analysts;
- 5) Other tasks assigned by the company;

Director's and Management's remuneration

- (1) Monetary remuneration in terms of monthly remuneration and pension

- (a) The total remuneration to the following 5 directors:

List-name		Position	Unit : Baht
1. Mr.Nipon	Wisityuthasart	Chairman of the Audit Committee	870,000
2. Mr.Suebtrakul	Soonthornthum	Independent Director	870,000
3. Mr.Kraithip	Krairiksh	Audit Committee	700,000
4. General Vichit	Yathip	Audit Committee	700,000
5. Pol. Gen. Soontorn	Saikwan	Independent Director	460,000
Total of remuneration			<u>3,600,000</u>

- (b) The total remuneration under the salary and bonus to the 6 executives equals to 70.02 million baht

- (2) Other remuneration

- None -

Personnel

In 2013, the company has a total number of employees of approximately 1,242 employees, dividing into 44 employees being allocated to the Bangkok head office, 603 employees located in the Chonburi plant and 595 employees in the Saraburi plant. They receive monthly salaries and bonuses altogether totaling of 326.91 million baht.

Head Office - Bangkok

- Deputy Managing Director and Assistant Managing Director	5 people
- Center Administration	15 people
- Office Managing Director and Other	24 people

Chonburi - Factory

- employees - Production Department	496 people
- employees - Administrative Department	107 people

Saraburi - Factory

- employees - Production Department	502 people
- employees - Administrative Department	93 people

The company has no any labor dispute for the past 3 years.

Employee Development Policy

Company with a focus on staff development regularly. The company recognizes that its staff is an important part of the business to help companies succeed in the future. And to provide employees with the potential to perform. Making progress in the work with the expert. personnel within the company. and be able to progress in the development of their work. The company has the personnel, both employees and executives of the company. Attend training outside the company. In order to cope with the new changes. and has had training within the company, including curriculum associated with each segment.

Corporate Governance

1. To sustain the continuous growth of the company's business operation and to secure the confidence from shareholders, investors and related parties, the company has stated policies for the directors on good corporate governance that includes the following:

- Manage the company carefully and prudently and be responsible for duties with sufficient capability and efficiency in order to maximize shareholders benefits.
- Monitor the business operation to prevent conflict of interests and be responsible for their own the decision and action.
- Manage the company transparently and disclosure sufficient information to all related parties.
- Operate the business with risk awareness and apply an appropriate risk management.

2. Sub Committee

(1) The company's director comprise of 3 groups of committee which are as follows:

1. Board of Directors
2. Executive Committee
3. Audit Committee

Scope of responsibilities and duties of the board of directors

1. To set up company's policies and directions to ensure that the business policies couple with the internal control system are handled and executed in the most effective and efficient manner by the management. To have the intention to operate business continuously.
2. To perform duty in compliance with laws, objectives, the company's articles of association and shareholders' resolutions upon the honesty and integrity, as well as to preserve company's benefits and interests.
3. To prepare the balance sheet and the income statement as at the end of the company's fiscal period to ensure : that the financial statements accurate and reveal the real financial status in compliance with the generally accounting principles. The financial statements are reviewed by the auditor in order to propose to the ordinary shareholders' meeting for approval.
4. To perform duty in the company's information disclosure as detailed in the SET regulations in regards to rules, information disclosure procedures, and any action of the listed company on public disclosure of material information related to investment decision in the securities.

5. To appoint any other individuals to operate the company's business under the control of Board of Directors, or give the proper authorization under the specified period; to discharge, reposition, or the change of authorization.
6. To review and approve the expansion project that has been considered and proposed by the Management Committee.
7. To review and concur on capital increase, issuance of debenture, merger and acquisition that have been considered and proposed by the Management Committee in order to propose to shareholders meeting for approval.
8. To review and approve the operating expenses limit beyond the authority of the Managing Director with the approval by the Chairman of the Board of Directors and be presented to the Board of the Directors' meeting for ratification.

However, such the above responsibilities and duties do not include the execution of interrelated transactions and the transactions of acquisition or disposition of significant assets of the listed company according to the SET regulations. The company, in addition, must strictly follow according to the rules, procedures and regulations of the Stock Exchange of Thailand on these particular matters. Moreover, these authorities and duties exclude the matters which the company's articles of association identify to have the shareholders' meeting approval.

Duties and responsibilities of the managing director

The Board of Directors' meeting No. 8/2002 on November 11th, 2002 had approved the following scope of authorities and duties of the Managing Director:

The Managing Director has duties on day-to-day business operations which are:

1. To monitor the company's overall operation to conform to the company's objectives.
2. To review and approve payment limit on normal operating expense not to exceed 7 million baht per transaction.
3. To review the project investment to be presented to the Management Committee.
4. To review the company's fund raise to be proposed to the Management Committee.
5. To review and appoint the consultants necessary for business operation to be proposed to the Management Committee.
6. To review and approve the inter-related transactions under normal trade criteria such as purchase and sale of products under fair market value, granting of credit term similar to general customers.

The responsibilities of Managing Director also include any other duties assigned by the Management Committee and or the Board of Directors on a case by case basis. The Managing Director is eligible to delegate the individual as seen appropriate to perform and operate on behalf of the Managing Director in proper matter. However,

the Management Director has an authority to approve any inter-related transactions which beyond normal business operations, acquisition or deposition on significant assets, and/or matters or transactions which Managing Director or interest persons may constitute conflict of interests to the company.

Scope of authorities and duties of the management committee

1. To ensure that the company's business is operated efficiently and effectively and in line with the company's policies.
2. To perform duties according to laws, objectives, and the company's articles of association and shareholders' resolution with honesty, integrity and carefulness of the company's benefits.
3. To review the balance sheet and income statement as of the end of the company's fiscal period to ensure correctness and preciseness of the company's financial status under the generally accepted accounting principles. The financial statements are to be reviewed by the auditor and be presented to the Board of Director's meeting.
4. To primarily review the project expansion investment plans, capital increase, issuance of debenture, and merger and acquisition and be proposed to the Board of Directors for approval.

However, the above authorities do not include the delegation of authority to the Management Committee to exercise any transactions that may result in any form of conflict of interests involving the company or its subsidiaries. The authorities also do not include operations of inter-related transactions and acquisition and deposition of significant assets of the listed company as detailed in announcement by SET. The company must conduct the business in accordance with rules and regulations of SET.

Scope of authority and duties of the audit committee assigned by the company's board of directors

1. To review accuracy and completeness of the company's financial statements.
2. To review the appropriateness and effectiveness of the company's internal control system and internal audit system.
3. To review that the company operates in line with the Securities and Exchange Act, the Regulations of the Stock Exchange Thailand, or any other relevant laws.
4. Consider, select, nominate the independent individuals as company's auditor, and offer them the remuneration, attend the meeting with auditors at least once a year without meeting organizer.
5. Consider linked transaction or that might be conflict of interest in accordance with law and the Stock Exchange requirement to ensure that such transaction is reasonable and maximize the company's benefit.
6. Conduct the auditing committee's report which shall be disclosed in the company's annual report. Such report shall be signed by chairman of auditing committees and contains at least the following comment information;

- a) comment on the accuracy, completeness and reliability of the company's financial report
 - b) comment on the adequateness of the company's internal control
 - c) comment on compliance with Securities Exchange Act, Stock Exchange Requirement, and business-related laws
 - d) comment on the qualification of auditor
 - e) comment on any transactions that may be in conflict of interest
 - f) number of meetings of the auditing committee and individuals' attendance
 - g) comment and overall observation which auditing committees have been obtained from performing their duty subjected to charter
 - h) Other transactions should be made known to shareholders and public investors under the scope of obligation and responsibility assigned by the Board of Directors.
7. To perform any additional duties assigned by the company's Board of Directors with the consent of the Audit Committee.

(2) Mr.Kraithip Krairiksh, the Audit Committee, has the knowledge and experience to review the company's financial statements. He has reviewed both of the quarterly and annually financial statements of the company at the meeting of the Audit Committee at all times.

3. Recruitment and appointment of Directors and Chief Executive

(1) Independent Director

Recruitment Process for Independent Director

According to the meeting of the Board of Director, a term "Independent Director" shall refer to an individual who possesses ability and knowledge that would be beneficial to the company's operation. Once being taken into consideration, the result shall nominate at the shareholder meeting to appoint the qualified persons as the member of the Board of Directors.

Independent Director's Qualification

1. Hold 1% or lesser of total shares in suffrage of the company, mother company, subsidiary company, incorporated company or juristic person who may be in conflict of interest, including shares held by those concerned persons (referred to as ordinary person under Clause 258 of the Security Exchange Act).
2. Avoid managerial involvement (referred to executive director, executive-like committee, and duly authorized committees), personal, employee, regular consultant, controlling person whose involvement have concerned with mother company, subsidiary company, incorporated company, subsidiaries at same sequences (referred to 2 subsidiaries or up subjected to the

same holding company), juristic person who may be in conflict of interest (presently or 2 years period prior to appointment).

3. Having neither blood relationship nor registering as parents, spouse, brother and sister, and the children' partner in relation with executive, major shareholder, or controlling person, or nominated person to be executive or controller for company and subsidiaries.

4. Business relationship with company

(a) Details of Relationship

● Relationship as professional service provider

- Relationship : Auditor, other professional service providers such as legal consultant, financial consultant, evaluator, etc.
- Significant level irrelevant to dependent position
- Auditor is prohibited in any case.
- Other professional service providers - Value of transaction must exceed 2 million Baht yearly

● Business Relationship (congruently with requirement on linked transaction of the Stock Exchange)

- Relationship : Cover all business types - including normal transaction, real estate lease/rent, assets/service transaction, financial assistance transaction
- Significant level irrelevant to dependent position : transaction value $\geq$ 20 Million Baht or $\geq$ 3% of company's NTA, upon the case may be of which amount is lower. In consideration of transaction, the previous 6 months transaction shall be included.

(B) Relationship (a) relationship with juristic person shall be regarded dependent position which are major shareholder, directors (except for independent director/auditing director), and executive or juristic person's partner.

(C) Subjected to sub-clause (A) and (B) such relationship above mentioned must not occur in present or previous 2 years period prior to appointment.

(D) Exception: In case of reasonable necessity which the event has not occurred continuously and constantly, the independent/auditing director may develop the relationship to the extent which it is beyond the significant level assigned in the office, it shall be approved by the Board of Directors, and the resolution must be unanimous. Additionally, such relationship shall be disclosed by the company for respective director on the Public Offering (Filing Form), Annual Business Data (Form 56-1), and Annual Report (Form 56-2) of the company. If subsequently it's required by the company to submit the independent / auditing

director such transaction to assume the next term of office, the company shall disclose the data relevant to the said relationship on the letter of meeting appointment in period of director nomination.

5. Not being a nominated committee as company's representative, major shareholders or shareholders relevant to company's major shareholder.
6. There are no qualifications that preclude assuming role as independent director.
7. Independent director with qualification stated in section 1-6 shall be assigned by the Board of Directors to make a decision in relation to the operation undertaken by Mother Company, subsidiaries, incorporated company, and subsidiaries at the same sequence or entities that may conflict with the decision to form Collective decision.

(2) Recruitment of Directors and Chief Executive

The company does not have a nominating committee to appoint the directors. According to the company's Articles of Association, directors are selected by the Board of Directors to propose for approval which qualified and not disqualified under section 68 of the Companies Act 2535.

The company's Board of Directors composes of at least 5 directors and more than half of the directors must be residents of Thailand. Company's directors must be qualified according to the law.

Directors are selected via a shareholders' meeting there are rules and procedures as following.

1. Each shareholder has the number of votes equivalent to the number of shares held. One share equals one vote.
2. In voting for the election of directors The voting individually. Total votes cast by the shareholders they have a person who has been nominated as members one by one.
3. The person receiving the most votes respectively down. Are elected as directors up to the number of directors to be elected at that time. In the case of a person who was elected in descending order have equal votes, The Chairman of the meeting as an additional vote as the casting vote.

The general meeting of shareholders, the directors retire each year, 1 in 3 if the number of directors to be divided into three parts to match it. Then the number nearest to 1 in 3 by the directors retiring by rotation may be selected.

In case there is a vacancy for a director position due to a reason other than completing his/her term, the committee shall consider appoint a qualified person without any legal incompatibilities to replace the position who will be attending the next committee meeting. Except for the fact that the remaining term of such a director is for less than 2 months, the newly appointed director will be in the position only for the remaining term of the director replaced. Nonetheless, the committee's resolution on the appointment of a person in replacement must obtain votes at least 3 out of 4 times of the remaining number of directors.

Beside the annual retirement, the directors may be retired by:

1. Death
2. Resign
3. Lack of qualification or process characteristics prohibited by laws
4. The shareholders' resolution to resign
5. Court order to resign

The shareholders meeting may pass a resolution removing any director from the board prior to the tenure of the director. The retirement issue resolution must receive at least three quarters of the votes from shareholders who attends the meeting and have the right to vote, and the total numbers of shares must be counted not less than half of the shares holding by the shareholders attending the meeting and having the right to vote.

4. Corporate Performance Control of Subsidiaries and Associated Companies

The company controls and regulates its subsidiaries in the preparation of related items, acquisition or distribution of assets, or the preparation of other key items of the subsidiaries to ensure accuracy and the use of principles related to disclosure of information and preparing the aforementioned items that is consistent with the company's principles. In addition, such control requires collection of data and accurate book-entry of the subsidiaries, enabling auditing by the company and on time gathering of data for the preparation of the consolidated financial statements.

5. Handling of the Use of Internal Information

The company has a policy relating the management of internal information with strict compliance and only those relevant shall be informed. Reporting or distribution of internal information shall only apply to assigned individuals. Every director and executive of the company acknowledges the duties and responsibilities that internal information should not be used for own benefits. Executives are required to report changes in asset holdings to the Securities and Exchange Commission according to Article 59 of Securities and Exchange Act B.E. 2535 within 3 days from the date that the changes in asset holdings take place, and inform the company's secretary in order to record such changes and summarize the amount of securities held by the committee and executives individually for the Board of Directors to acknowledge in the next meeting. Moreover, there are penalty clauses for the violation or breach of such requirements, and executives or informed agencies are not permitted to disclose internal information to outsiders or unrelated individuals. In every meeting of the Board of Directors, the secretary of the company shall request each director to check their number of shares held for accuracy.

6. Remuneration to Auditors

1. Remuneration of the annual audited.

Company and its subsidiaries company has a clear remuneration to auditor total 2,588,000 Baht

2. Other Services

As condition to verify of promote and total amount 135,000.- Baht

7. Compliance with good corporate governance principles in other matters.

Right and Equitability among Shareholders

The company recognizes and respects for the right of all individual shareholders. A common shareholder meeting shall be held at least once a year as required by the applicable law. In 2013, the annual shareholder meeting was held on April 23, 2013 at the Grand Hall 1, Rama Garden, 9/9 Vibhavadee Rangsit Rd., Bangkok, Bangkok.

Before the Shareholder Meeting

The Board of Directors will be responsible for scheduling the annual shareholder meeting, date of closing register book as required by law, and inform the shareholders of the Directors' resolution, the meeting agenda has been assigned via electronic channel of The Stock Exchange of Thailand.

At annual shareholder meeting, the invitation letter of meeting detailing the agenda will be sent, including the Directors' comments on each session and meeting document, appoint the independent director as proxy to act for the shareholders in the meeting in case of the absence of the shareholders. The meeting invitation letter in both Thai and English version with detailed information will be managed, and meeting topics are specified to be approved or submitted as the case may be, and the directors' comments on such respective topics, a list of a director who retire upon the expiration of term and will have been again nominated, the nominated independent director and proxy form (Type Khor) as of the Ministry of Commerce. This is to allow the shareholders who absent the meeting can assign any one or independent director to attend the meeting and vote in case of their absence. The Thailand Security Depository Co., Ltd. as share registrar of the company will be responsible for mailing the invitation letter to shareholders whose names are listed in the share register book on closing date of stock register 14 days in advance prior to meeting. In addition, the annual shareholder meeting will be publicized through the Thai daily newspapers for sequentially 3-day period and no less than 3 days before the meeting starts.

In 2013, the company give a chance to shareholders to offer other meeting agendas prior to date of meeting, or nominate person as director during October 1, 2013 - December 31, 2013, however there are no any shareholders took that chance.

During the Shareholder Meeting

On date of shareholder meeting, the company as host conducts a meeting and provides the shareholder attendants with adequate convenience on equitable basis. Duration of shareholder enrollment lasts two hour and a half prior to the meeting starts. The front desk staffs are equipped to greet the attendants in addition to souvenirs and warm-welcomed greeting.

On 2013 annual shareholder meeting, two shareholders have nominated the independent directors as the proxy to vote.

All shareholders will be granted a right equally. The chairman of the Board serves as a meeting chairman to inform the information about meeting quorum, the shareholders voting process and the resolution process for each

agenda according to the voting regulation, and the use of vote card for crucial agenda, individual election for directors, and transparent disclosure of vote counting, and allow for all shareholders to express their opinion and comments and inquires upon each agenda, and appropriate schedule time of discussion to deliberate upon each agenda. The meeting chairman works out according to the sequences of the meeting, and no additional topic will be increased without prior notice. All questions will be replied precisely and straight forwards, then the resolution and counting vote at each agenda, particularly in electing the director, each vote will be counted individually.

At the meeting of Shareholders annual 2013 the company's board of directors 14 attended 14 together with Chief Executive and Auditor had attended the meeting to answer the shareholders' questions and report the company's financial statement.

After the Shareholder Meeting.

After finishing the meeting, the company made a conclusion and informed all the shareholders the meeting resolution via electronic channel of The Stock Exchange of Thailand and send the meeting report, recording all the meeting details including the votes, shareholders' enquiries of each agenda to The Stock Exchange of Thailand 14 days after the meeting date.

Disclosure of Information and Transparency

The company realizes that the information both in financial and non-financial may have material effects on the decision of the investors and stakeholders. The Board of Directors places the importance on adequate, accurate, trusty, consistent and punctual disclosure of general and financial information, and the management must strictly follow with integrity.

Board of directors' reports

The company's board of directors is responsible to approve both company's and its subsidiaries' financial statements and other memorandums revealed in the every annual report by informing their responsibilities to the financial reports together with the report of the independent certified public accountant and the audited financial statement in the annual report.

Remuneration of the directors

The company's director who is also the subsidiary's director will not receive any pays for the subsidiary's director position.

Company's relationship to the investors

Any specific company's sectors do not be appointed to contact with the investors. However, Mr.Somprasong Sahavat, a company's director, is responsible to relate with the institute investors, shareholders financial analyst and the related government sector via company's telephone number 02-585-4900-3.

Board of Directors's responsibilityBoard of Director Structure

The company's Board of Directors is composed of 14 directors as follows:

Executive Directors	9	persons
Independent Directors	2	persons
Audit Committee	3	persons

The company's directors is independent 5 person representing 1 in 3. The meaning of the independent directors and the authorities and responsibilities of the executive directors are explained in topic of Sub-Committee.

At present, there are no any of the nomination committee to select the company's director. The company's board of directors will consider the nominated person's qualifications including his business related experience, variety of expertise, together with the evaluation in the director position during a period of time.

Other committees

The Board of Directors has appointed the Audit Committee on December 20, 1999 to monitor the company corporate governance, and each director in the Audit Committee has 2 - year tenure. The details of scope of the Audit Committee's duties and authorities are detail in topic of Sub-Committee.

Currently, there is no subcommittee presiding on the issues of compensation, but the processes are in place to decide on the proper remuneration based on reliable information acquired on similar size in the same industry as well as the company's performance. Subsequently, it will propose to the shareholders' meeting for making final decision.

Duration term and amount of the companies to be the director

According to the company's regulations, in the annual ordinary shareholders' meeting, one-thirds of the company's directors amount shall retire. If the numbers of the directors is not a multiple of three, then the nearest to one-thirds will retire. The directors for the 1st and 2nd year after company's registration, will be selected randomly to be retired. And those who possess longest term to be directors will be retired for the next year. The 3-year is the term for every directors. When never the directorship is retired by rotation, the directors can be reappointed.

As the company has 4 subsidiaries, and 10 related companies, some company's directors would be also possess to be those companies' directors to conduct the corporate policy and manage the operation accordingly. Currently the company's directors take not more than 5 listed companies' director position.

Aggregation or segregation of position

The Chairman is not the Independent Director.

The Chairman is not the same person as the Managing Director to discriminate responsible for corporate governance policy and routine administration.

Roles, duties and responsibilities

Leadership and vision

The Board of Directors have been involved in the company's vision, mission, strategies, objectives, business plans and budgets, and supervise for the effective and efficient execution in reference to the business plan and budget in order to maximize economic values to business and shareholders.

The Board of Directors has established the company's internal control system, internal audit system, and risk management practice for the effectiveness, and has constantly monitored the progress on these topics throughout the Board of Directors' meeting.

The Board of Directors has outlined distinct duties and responsibilities among the Board of Directors, the Audit Committee, and the Management Team as topic in "Sub Committee". The Board has consistently communicated to all directors, management, and personnel with respect to their roles, duties, and responsibilities.

The Board of Directors has monitored the Management Team to closely operate under the established policies with the exception of transactions which have a potential in any form of conflict of interests together with transactions which require the approval from the shareholders pursuant to the SEC and SET regulations.

Business ethics

The company has prepared the Code of Ethics or Statement of Business Conduct, which has been effective in 2003, to be adhered to with strict integrity, honesty and fairness by directors, management and personnel. The company's Code of Ethics will be acknowledged and adhered to with penalty for violation.

Conflict of interest

To preempt a situation potentially leading to conflicts of interest, the Board of Directors has been watchful on high-risk transactions and has outlined a policy and measure to prevent the management and related parties from the use of insider information for personal benefits, details as follows:

Transactions with potential conflict of interest:

The Board of Directors is aware of all transactions with conflict of interest as well as related-party transactions, and has taken the arm's length approach in terms of price and conditions pursuant to the SET regulations. Details of all related-party transactions have been disclosed with regards to value, counterparty, reason and necessity in the annual report and the form 56-1.

In principle, the company shall approve the trade agreement with general trading condition when transaction provides the trade agreement in manner that the ethic person should behave with the contract partners in the same situation. Namely, the bargaining power must void the influence as member of the Board, executives or related persons. Additionally, the company shall summarize the report that transaction size is beyond 500,000 baht and report at the meeting of the Board of Directors on quarterly basis.

Internal control system

The company has not yet developed the internal audit section, but it realizes the importance of the internal control system at both management level and operational level. To achieve the efficiency, the company has clearly established the job descriptions, duties and delegation of authorities for all levels of staff and management. Existing internal control includes monitoring the effective usage of the company's assets and the segregation of duties between the operators and supervisors to ensure proper check-and-balance mechanism. There are also internal controls with respect to the financial system designed to present to relevant management.

Board of Directors' Meeting

According to the company regulations, the board of directors' meeting are arranged quarterly, with extraordinary meetings as deemed necessary. The meeting agenda and time for ordinary meeting will be set and sent to each director 7 days prior meeting date so directors have a chance to adequately acquaint themselves to the issues before attending the meeting. The board can also request additional information from the managing director or board of director's secretary or let the executive management attend the meeting to explain that requested information. Moreover, each director can propose additional issues for the chairman and managing director approval to be a topic in the meeting agenda. Each director must attend every meeting except for the unavoidable reason. The non-executive directors can have meeting among them as necessary.

The company's meeting minutes was completely and accurately recorded by the company's secretary in case that the company's board of directors, shareholders and other related person can review.

Self-evaluation of the Board of Directors

The Board of Directors shall conduct the self-evaluation at least once a year, referred to the Directors' self-evaluation performance Form developed by The Stock Exchange of Thailand. Such self-evaluation could help individual directors review their performance for the previous year. The result of performance appraisal will be analyzed their capabilities and suggestion will be useful to make further improvement and development.

Remuneration of Directors

The company has a clear outline on remuneration to directors that is in line with that of the industry, and commensurate with the assigned duties and responsibilities. The remuneration is also highly compensated to attract and hold qualified personnel with the company, and approved by shareholders.

The compensation to management adheres to the principles and policies set out by the Board of Directors, is tied to the performance of the company and of each management members.

Currently, the company has no remuneration committee, but there is the procedure to consider on the proper remuneration based on reliable information acquired on similar size in the same industry and results the company's performance, consideration.

The directors' and administrative's remuneration are revealed in topic of The Management Structure subject Remuneration of Directors and Administrative.

Directors and management skill development

The company's board has a policy to develop the skill of the directors and management, by attending Director Accreditation Program (DAP) of Thai Institution of Directors Association (IOD) to understand their responsibilities, company's operations and business direction especially for the appointment of new director.

Corporate Social Responsibility

Corporate Social Responsibility refers to the implementation of internal and external activities of the Company which are mainly considered the social impact in the short and long term, as well as the responsible utilization of existing resources inside or outside the organization, so that people can live together in the society peacefully and the Company will operate business successfully and sustainably in the long run. The Company provides the following practices:

Fair Business Operation

Fair business operation always brings about the confidence of associated persons which causes the positive effect to the business in the long term. The Company implements the following procedures:

1. Avoiding any operations possibly causing conflict of interests, disclosing complete and sufficient information for the transparency of the business operation
2. Avoiding any act of favoritism or accomplice which is unfair to stakeholders, such as, customers
3. Complying with the rules and good competition, maintaining the standards of competition practices, avoiding dishonest methods to destroy competitors
4. Not supporting the infringement of intellectual properties or copy rights of any individuals
5. Purchasing products and services from business partners according to the trading conditions, and complying with the contract with business partners
6. Strictly following the conditions of loan borrowing from financial institutes

Respecting Human Rights and Fair Labor Practice

Human resources are the major factor of the business for creating added value and production. As a result, the Company improves the working environment and conditions so that the life quality of all employees will be better and they will have a chance to show their competencies and enhance their working skills by attending the training for the purpose of their occupational progresses. The Company implements the following procedures:

1. The Company does not support the labor force but legally employs alien employees and provides the similar remuneration and welfares.
2. The Company establishes the working manuals for each aspect, especially occupational safety and health. In addition, the Safety Committee is set up to follow and inspect working conditions and procedures, give advices, improve safe and appropriate working environment and working procedures, foster the awareness of safety to employees, provide and organize the training plans annually, supervise the strict compliance to the safe working manual, provide the personal protective equipments,

such as, safety shoes, hearing, dust, and chemical protection equipments, and etc. for the risk operations. Furthermore the Company also provides the group accident insurance for all employees.

3. Developing, training, and enhancing competencies of employees, offering chances to employees to learn and attend the in-house training sessions and external trainings for gaining new knowledge and applying it to their works and duties, promoting employees to the higher job positions when there is vacancy of suitable positions
4. Providing the policy of remuneration for employees and regularly reviewing returns in line with the labor market so that all employees will receive the suitable compensation based on their competencies and performances
5. Providing benefits for employees who needs to borrow a housing loan. The Company is able to provide the loan source with low interest rate because the Company made an agreement with that financial institute for the benefits of employees who intend to borrow a loan for purchasing, building, adding, and redeeming residential houses.
6. Providing important information relating to the operating results and actual circumstances of the Company to employees and representatives so that they will be ready to prepare and handle with prospect situations

Responsibility to Consumers

The Company manufactures products based on its standard and regularly improves the production system so that the standard of products is greater and the products have no risk or hazard to consumers. The Company operates the following procedures:

1. Manufacturing safe and environmentally-friendly products which cause no hazard to consumers, providing the purchase return service in case of having any problems, and resolving problems urgently and reporting to consumers
2. Safely keeping information of consumers, and prohibiting the disclosure of information to any third parties without the consumers' consent
3. Representative recommend correct and sufficient information of products and their instructions to consumers and provide documents to promote products with accurate and complete information for consumers
4. Developing new products and manufacturing products based on the demand of consumers, applying comments of consumers to further research and development for the purpose of sustainable mutual benefits.

Environmental Care

The company has a responsibility to the community and the environment.

1. Maintaining and improving machineries so that they will not cause the pollution to the environment of inside and outside communities
2. Using benefits of wood scraps as much as possible in the production process without leaving wastes, using state-of-the-art technologies for reducing wastes from the production, for example, dusts can be reused in the production process so there is no waste arising out of wood scraps, etc., providing standard disposal for wastes arising out of other raw materials from the production
3. Communicating information relating to the impacts on environment, safety, and public health system to employees and the public
4. Preparing the emergency response plan to handle with problems possibly occurred and caused hazard to employees, company, and nearby communities, including reporting to authorized persons for immediate action as soon as situations occur

Internal control and risk management

Board of Directors' meeting No. 1/2014 dated February 20, 2014s which was also attended by the 5 Independent Directors. The Board has given the approval to the evaluation of the internal control system. The Board has evaluated the internal controls by interrogating the management and by reviewing the appraisal form prepared by the management. The evaluation of internal controls has been summarized in 5 major components: Internal control, Risk Management, Management Operation Control, Information and Communication, and Monitoring. The Board sees that the internal control system of the company is adequate for efficient implementation. Moreover, the internal control system regarding the monitoring and controlling of the subsidiaries' operations should be able to adequately prevent the directors or executives from wrongfully or improperly using the assets of the company and its subsidiaries, as well as making transactions between persons with conflicting interests and related persons. For internal control on other issues, the Board sees that the company has adequate internal control as well.

The company's auditor is the SAM NAK-NGAN A.M.C. Co., Ltd., who audits the 2013 financial statements, and has provided opinion in the internal control system report as follows:

The company has educated and evaluated the efficiency of the internal control system in accounting as deemed necessary in order to facilitate in setting the scope of audit operation with properness and preciseness.

The company would like to inform that the audit does not verify all transactions, however, examine method has been applied. Moreover, the study and efficiency evaluation of the internal audit of the accounting has the propose as mention before so the weakness of the internal audit can not be specified. According to the accounting audit, the company do not find any serious problems of the accounting internal audit system that affect to the company's financial report.

- Now the company has not established an internal audit department.

Connected Transactions

(1) Related beneficial persons and inter company transactions

The related beneficial persons whom are the company or other corporate in which the company's director, management, or shareholders hold shares and/or pose as director in the related beneficial company are

Company	Type of Business	Location	Paid-Up Capital
1. The Vanachai Group of Companies	Holding Company	2/1 Wongsawang Rd., Bangsue, Bangkok	510,000,000
2. Vanachai Intertrading Group	Holding Company	2/1 Wongsawang Rd., Bangsue, Bangkok	1,150,000,000
3. Firstwood	Office for lease	2/1 Wongsawang Rd., Bangsue, Bangkok	164,000,000
4. Woodland	Manufacture flush and moulded doors	Factory, 87 Moo 4, Ban Chang, Muang, Pathum Thani	75,000,000
5. Doctor Wood	Warehouse Service for rent	Factory, 8/1 Moo 8, Sukumvit Rd., (Bangna-Trad), Takham, Bangpakong, Chachoengsao	23,125,000
6. Vanachai Plywood	Warehouse for lease	Factory, 8/1 Moo 8, Sukumvit Rd., (Bangna-Trad), Takham, Bangpakong, Chachoengsao	60,000,000
7. Vanachai Veneer and Plywood	Manufacture plywoodand	Factory, 89, Ban Chang, Muang Pathum Thani	150,000,000
8. Maeyai	Manufacture Laminated MDF Board	8/5 Moo 1, Khao Niphun, Wieng Sra, Surat Thani	150,000,000
9. Sunant Timber	Manufacture and sales veneer wood	8/5 Moo 1, Khao Niphun, Wieng Sra, Surat Thani	240,000,000
10. Rich forest Co.,Ltd.	Planting Eucalyptus Forest	26 Wongsawang Rd., Bangsue, Bangkok	200,000,000

The company invested in these related companies with the objective to merge the companies operating in manufacturing and distributing wood-based panels business and to merge related products under the Vanachai Group. The company addresses that the interrelated companies can produce quality products under competitive costs and support revenues and distribution within the group of companies. Some of the company's executive directors (See details in topic Shareholding structure of the company's directors, and major shareholders in related companies) will be posed as directors of the related companies as well in order to establish policies and monitor the operation of these related companies in accordance with the identified directions and policies.

Shareholding of the company's directors, and major shareholders in related companies

Related Companies	Mr.Sompop Sahawat			Mr.Vasun Jaroenavarat			Mr.Wanthana Jaoenawarat			Mr.Suthep Chaipattananavanich			Mrs.Siriporn Chaipattananavanich		
	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%
The Vanachai Group of Companies Co., Ltd.	X	1,020,000	20%	✓	510,000	10%	✓	510,000	10%	✓	-	-	✓	510,000	10%
Vanachai Intertrading Group Co., Ltd.	X	2,300,000	20%	✓	1,150,000	10%	✓	1,150,000	10%	✓	-	-	✓	1,150,000	10%
Firstwood Co., Ltd.	X	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Woodland Co., Ltd.	X	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Doctor Wood Co., Ltd.	X	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Vanachai Plywood Co., Ltd.	-	-	-	-	-	-	✓	10,000	17%	-	-	-	✓	10,000	17%
Vanachai Veneer and Plywood Co., Ltd	X	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Maeyai Co., Ltd.	X	1	-	✓	1	-	✓	1	-	✓	-	-	✓	-	-
Sunant Timber Co., Ltd.	X	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Rich forest Co., Ltd	-	-	-	-	-	-	✓	333,333	17%	-	-	-	✓	333,333	17%

X Chairman of the Board of Director ✓ Director

Related Companies	Ms.Yupaporn Boongate			Mr.Patta Sahawat			Ms.Phattra Sahawat			Mr.Somprasong sahavat			Ms.Somjaiarak Sahavat		
	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%
The Vanachai Group of Companies Co., Ltd.	✓	510,000	10%	✓	510,000	10%	✓	510,000	10%	✓	510,000	10%	✓	510,000	10%
Vanachai Intertrading Group Co., Ltd.	✓	1,150,000	10%	✓	1,150,000	10%	✓	1,150,000	10%	✓	1,150,000	10%	✓	1,150,000	10%
Firstwood Co., Ltd.	✓	1	-	✓	-	-	✓	1	-	✓	1	-	✓	-	-
Woodland Co., Ltd.	✓	1	-	✓	-	-	✓	1	-	✓	1	-	✓	-	-
Doctor Wood Co., Ltd.	✓	1	-	✓	-	-	✓	1	-	✓	1	-	✓	-	-
Vanachai Plywood Co., Ltd.	✓	10,000	17%	✓	9,999	17%	✓	10,000	17%	-	-	-	-	-	-
Vanachai Veneer and Plywood Co., Ltd	✓	1	-	✓	-	-	✓	1	-	✓	1	-	✓	-	-
Maeyai Co., Ltd.	✓	1	-	✓	-	-	✓	1	-	✓	1	-	✓	-	-
Sunant Timber Co., Ltd.	✓	1	-	✓	-	-	✓	1	-	✓	1	-	✓	-	-
Rich forest Co., Ltd	✓	333,333	17%	✓	333,333	17%	✓	333,333	17%	✓	-	-	-	-	-

× Chairman of the Board of Director ✓ Director

The table shows the transactions between the Company and its subsidiaries to the Company related.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
1. Maeyai Co., Ltd. company	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- The company in the group sell MDF Board, Particiboard and glue urea	100.02	- To be used as raw materials in manufacturing finished goods Transactions between the company its same price to the transactions with the outsiders
	- The company in the group charge a commission and service sales.	1.31	- The broker selling products to companies.	
	- A company in the sales of urea.	0.03	- To produce samples of product	
	- The company in the group buy scrap veneer, wooden core, rubble and scrap wood slab.	1.73	- To be used as raw materials in manufacturing finished goods transactions between the company its same price to the transactions with the outsiders.	
	- Trade receivable	24.81	- Credit term is the same as general customers.	
	- Accrued income	0.22	- Credit term is the same as general customers.	
	- Trade payable	0.32	- Unpaid scrap veneer.	

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
2. Doctor Wood Co., Ltd.	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- Vanachai Panel Industries Co., Ltd. has entered into the lease contract for warehouse, total area space of 26,850 sqm. Located at 8/3 Moo. 8 Thakham, Bangkok, Chachoengsao, one-year period has started from 1 June 2011 to 31 May 2012 Rental fee is charged at the rate of 60 baht/square meter based upon the market comparative method and has been appraised by the Valuation and Consultant Co., Ltd.	8.06	- The warehouse is the place for loading products to the container before sending to Learn Chabang Port for export further. The cost of loading container and transportation at this site is less expensive than in Surathani. <u>Approval Conclusion by the Audit Committee</u> - Audit Committee considers that the transaction of leasing warehouse spaces of the related company is reasonable and utmost beneficial to the company with regard to the cost saving. The company has assigned the outside company to be the appraiser to comment on the appropriateness of rental fee.
	- A contract for the rental for a period of 1 year from 1 June 2013 to 31 May 2014		11.27	- No change in rental rates.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
Doctor Wood Co., Ltd. (con't)	- Related company - Some Vanachai Group Plc.'s directors are shareholders in the company	- The company in the group pay service fee for loading-unloading goods.	14.59	- Pricing cost plus a processing fee. <u>Approval Conclusion by the Audit Committee</u> - An opinion that the transaction is appropriate items. The subsidiary company in need of services up-down and troops. Container with related To prepare the filling and finished goods abroad To enter into the transaction is reasonable And for the benefit of the Company.
		- Other trade payable	4.08	- Accrued rental fee, service fee for loading unloading goods.
3. Woodland Co., Ltd.	- Related company - Some Vanachai Group Plc.'s directors are shareholders in the company	- The company in the group sell MDF Board, Particleboard and door skins - Group companies charge a commission and service sales. - The company bought equipment to lay the Laminated installation. The finished products, such as The end Skirtings. - Companies in order to make purchase of Timberwood. Packing for Door skin and other buyers. - Trade receivable - Other trade receivable	83.03 2.62 6.51 0.46 22.87 0.05	- For using as materials in manufacturing finished goods. Transactions between the company its same price to the transaction with the outsiders. - The broker selling products to companies. - Transactions between the company its same price to the transaction with the outsiders. - Transactions between the company its same price to the transaction with the outsiders. - Credit term is the same as general customers. - Credit term is the same as general customers.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
4. Vanachai Veneer and Plywood Co., Ltd	- Related company	- The company in the group sell MDF	0.24	- Credit term is the same as general customers.
	- Some Vanachai Group Plc.'s directors are directors and shareholders in the company	board, particleboard and glue urea	1.26	- Accrued timber wood, the finish and melamine door skin.
		- The company in the group s charge a commission and service sales.	2.05	- To be used as raw materials in manufacturing finished goods Transactions between the company its same price to the transactions with the outsiders
		- The company in the group s charge a	2.81	- The broker selling products to companies.
		- The company bought the plywood black film coatings and adhesives Holt. Melt	0.18	- Buy a sheet of plywood for use in repair work, buy glue used for testing. Transactions between the company its same price to the transactions with the outsiders.
		- A company in the purchase of wood chips, wood core, scrap veneer and eucalyptus.	14.11	- To be used as raw materials in manufacturing finished goods Transactions between the company its same price to the transactions with the outsiders
		- Trade receivable	0.38	- Credit term is the same as general customers.
		- Accrued income	0.28	- Credit term is the same as general customers.
		- Trade payable	3.99	- Accrued the scrap veneer, eucalyptus plywood and laminate coated.
		- Other trade payable	0.15	- Accrued the wood, scrap veneer.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
5. Firstwood Co., Ltd.	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- Advances to the electric company and charged from Firstwood Co., Ltd. actual cost.	2.69	- To rate of electricity.
		- The Company has entered into the office lease located of 3,188.10 sq. meter at 2/1 Wongsawang Rd., Bangsue, Bangkok, One-year period, has started from 1 July 2012 to 30 June 2013. Rental fee of 350 baht/sq. meter including component parts such as Air Conditioner, Electricity, water and parking space. A rate which is detened by comparing the market. The evaluated by the Valuation and Consultant Co., Ltd.	6.70	<u>Approval Conclusion by the Audit Committee</u> - Such transaction is reasonable since the company needs the office to work on coordinating with government authorities, Banks, and relate authorities, and preparing documents for import and export and The company hired an external evaluator to provide comments on the suitability of the rental rate.
		- A contract for the rental. For a period of 1 year. Since 1 July 2013 to 30 June 2014.	6.70	- No changes in rental rates.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
Firstwood Co., Ltd. (Con't)	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- Woodtek International Co., Ltd. Has entered into the office lease located of 1,069.70 sq. meter at 2/1 Wongsawang Rd., Bangsue, Bangkok, One-year period, has started from 1st July 2012 to 30th June 2013. Rental fee of 350 baht/sq. meter including component parts such as Air Conditioner, Electricity, water and parking space. The rate is determined by comparing the market. The evaluated by The Valuation and Consultant Co., Ltd - A contract for the rental. For a period of 1 year. Since 1 July 2013 to 30 June 2014. - Woodtek International Co., Ltd, has entered into contract for renting the warehouse and warehouse office of 5,400 sq. meter and 116 sq. meter respectively from the Firstwood Co., Ltd. located at 2/1 Wongsawang Rd., Bangsue, Bangkok, One - year period, has started from 1 January 2013 to 31 December 2013 - Rental fee of 40 baht/sq. meter and 150 baht/sq. meter, including the merge, such as electricity, water, parking space.	2.25	<u>Approval Conclusion by the Audit Committee</u> - Such transaction is reasonable since the company needs the office to work on coordinating the selling goods, preparation of documents between the affiliates and buyers both domestic and foreign, bank coordination and other related agencies and has hired an outside firm to evaluate to activists about the suitability of the rental rate.
			2.25	- No changes in rental rates.
			2.80	<u>Approval Conclusion by the Audit Committee</u> Such transaction is reasonable since the company needs the office and warehouse for working on coordinating the selling goods, preparing documents for all subsidiaries under the Vanachai's group and all customers. The company has evaluated the rental and service fee of the building and has found that the rate has been approximately in the same average as other buildings in the same area.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2013 (Million Baht)	Necessary and Justification
Firstwood Co., Ltd. (Con't)	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- Companies in the group pay the phone bill and the security services advanced by Firstwood Co., Ltd.	1.16	- By phone bill TOT rate. - The security services paid under the actual service.
7. Rich forest Co., Ltd	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- Trade Payable - The Company purchases eucalyptus - Trade payable	0.005 46.34 5.88	- Unpaid phone bills. - To be used as raw to materials in manufacturing goods. The price is cost plus profit. - Unpaid eucalyptus.

2) Reasons and justification for related-party transactions

Transactions between the company and its subsidiaries with its related parties are inline with normal business operation as well as normal trade conditions. Trade conditions and prices rely on the market prices or fair prices which can compare to the transactions with the outsiders to ensure that the company and its subsidiaries can maximize their benefits. All related-part transactions have been approved by the auditor.

(3) Procedures to authorize related-party transactions

Directors has assigned the Managing Director the authority to approve the related-party transactions under practices of normal business operation and trade conditions which shall be carried out along the Securities and Exchange Act as well as the announcement, rules, and regulations by SET. All transactions that involve related parties must be also consistent with the standard of Thai generally accepted accounting principles regarding the disclosure of related-transactions or the acquisition and deposition of the significant assets of the company and subsidiaries.

All transactions that involve any interest person who may constitute the conflicts of benefits or the potential conflicts of interests must receive approval from the Board of Directors attended by the Audit Committee regarding the comments on the necessity and appropriateness of the transactions. The directors with conflict of interests have no right to vote on the transactions. If the Audit Committee is not expertise on scrutinize the related-party transactions, the company will assign the independent expertise or the companys auditor to comment on the transactions for support the decision by the Boards or shareholders. The company will disclose the related-party transactions in the notes to financial statements reviewed by the company's auditor.

(4) Tendency of related-party transactions

The company has the policy to operate their business for the highest benefit to the company and its subsidiaries, therefore, under the normal trade situation, the business operation of the company and its subsidiaries which need to trade products or services from their related companies, thus the company and its subsidiaries would have inter-transaction under the condition and price as normal market or fair price that can be compared to the transaction occurred with other parties

The company had approved the authority for the management to make any business transactions which are the same conditions as ordinary party usually making business contract under the same situation without the interference power of the position of being board of directors, management or related persons. Then the company will make a summarized report for the any transactions' value that more than 500,000.00 Baht quarterly presented to the board of directors meeting.

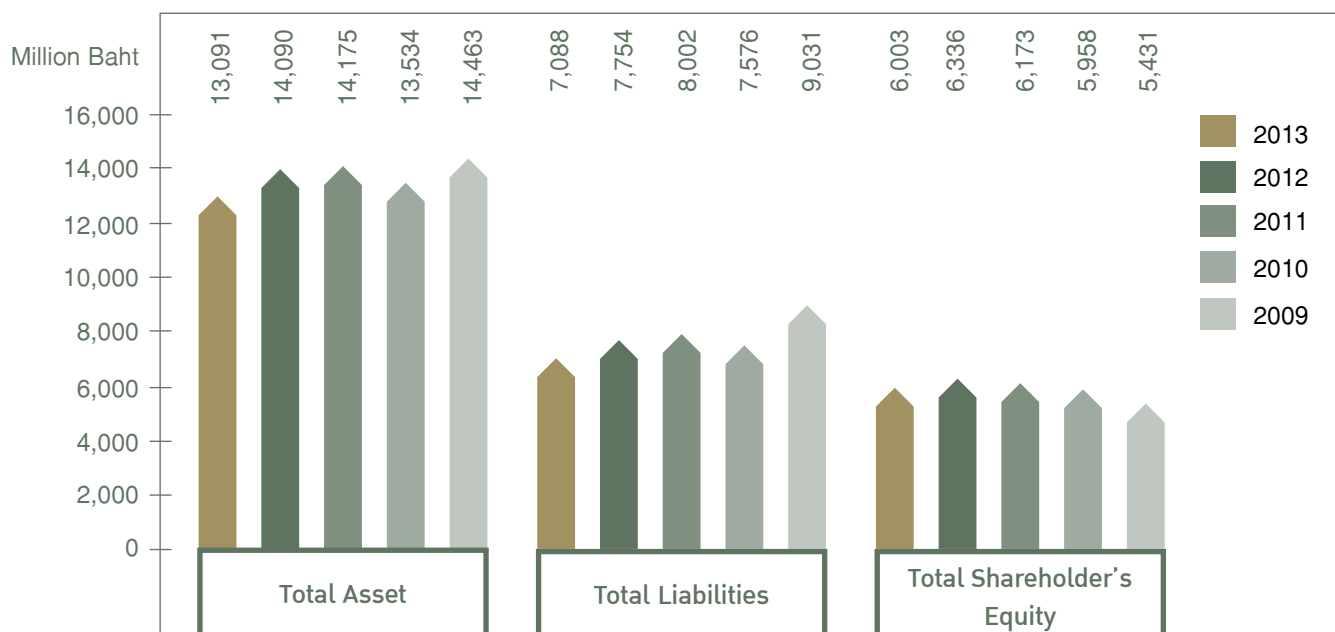
Highlight of Financial Performance

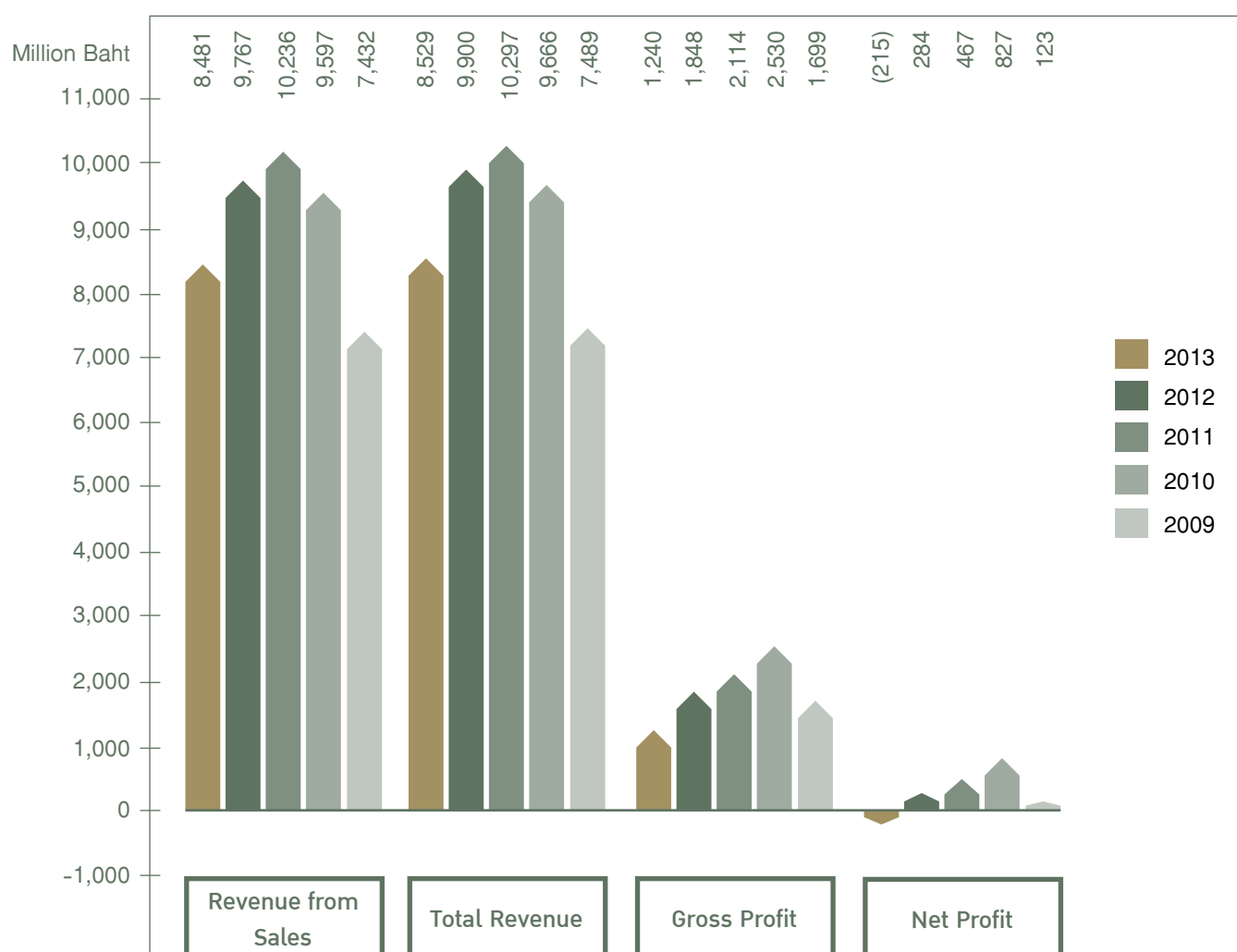
Vanachai Group Public Company Limited
And Its Subsidiary Companies

1. Financial Statement

(Unit : Million Baht)

Financial Status	2013	2012	2011	2010	2009
Total assets	13,091	14,090	14,175	13,534	14,463
Total liabilities	7,088	7,754	8,002	7,576	9,031
Total shareholder's equity	6,003	6,336	6,173	5,958	5,431
Operation Results					
Revenue from sales	8,481	9,767	10,236	9,597	7,432
Cost of sales	(7,241)	(7,919)	(8,123)	(7,067)	(5,732)
Gross profit	1,240	1,848	2,114	2,530	1,699
Total revenue	8,529	9,900	10,297	9,666	7,489
Profit before expenses	1,288	1,981	2,175	2,599	1,756
Selling Administrative expenses and administrative expenses	(1,296)	(1,408)	(1,392)	(1,466)	(1,317)
Financial Costs	(233)	(263)	(267)	(247)	(281)
Total expenses	(1,529)	(1,670)	(1,659)	(1,713)	(1,599)
Profit (loss) before income tax	(241)	311	516	886	158
Income tax (expenses) revenues	50	(27)	(49)	(59)	(35)
Profit (loss) for the year	(191)	284	467	827	123
Other comprehensive income for the years-net of income tax	(24)	-	-	-	-
Total comprehensive income for the year	(215)	284	467	827	123

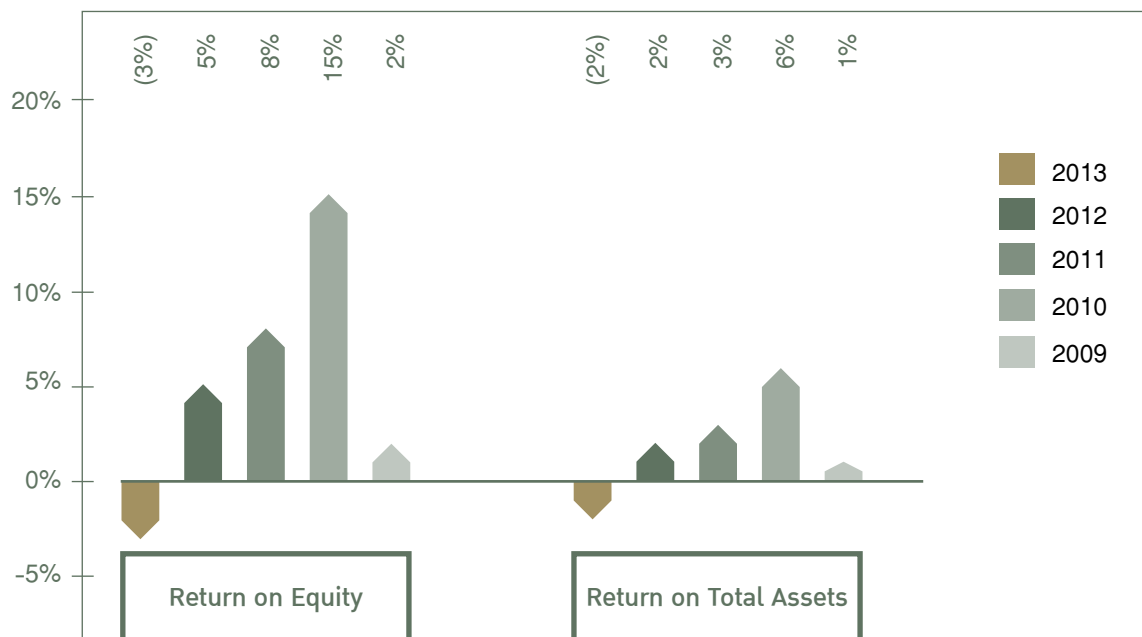
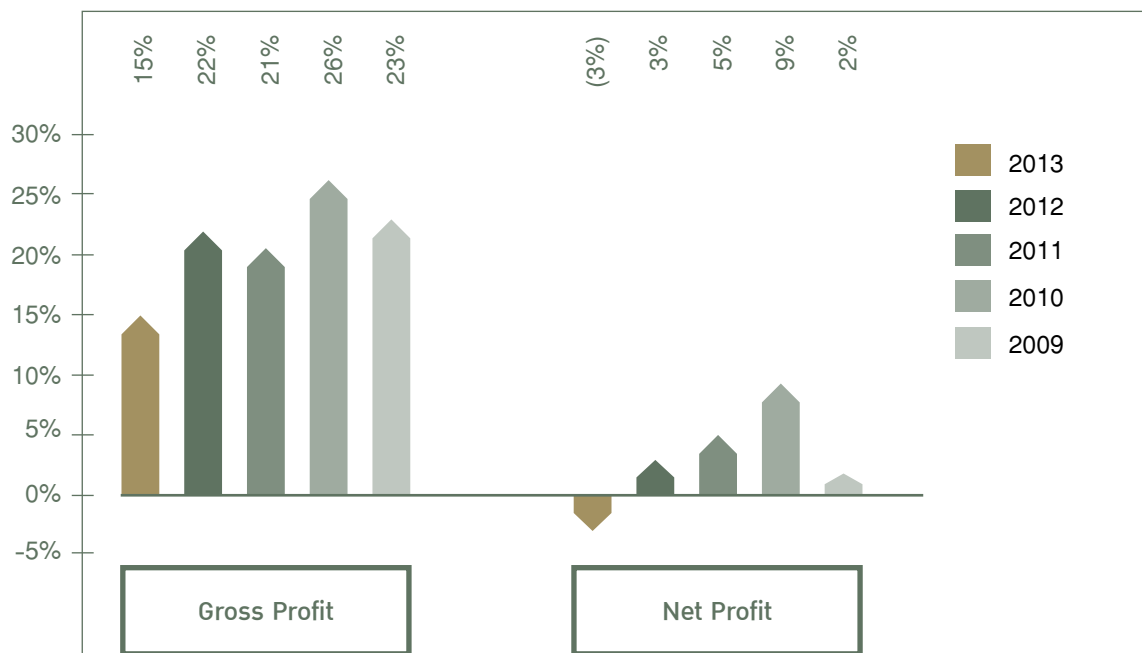


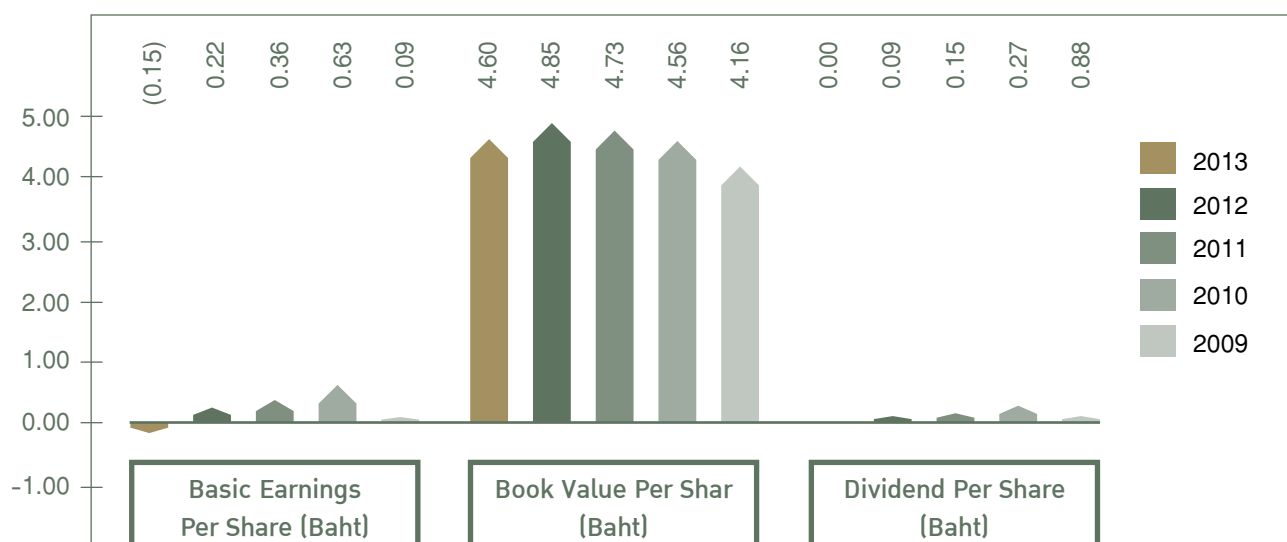
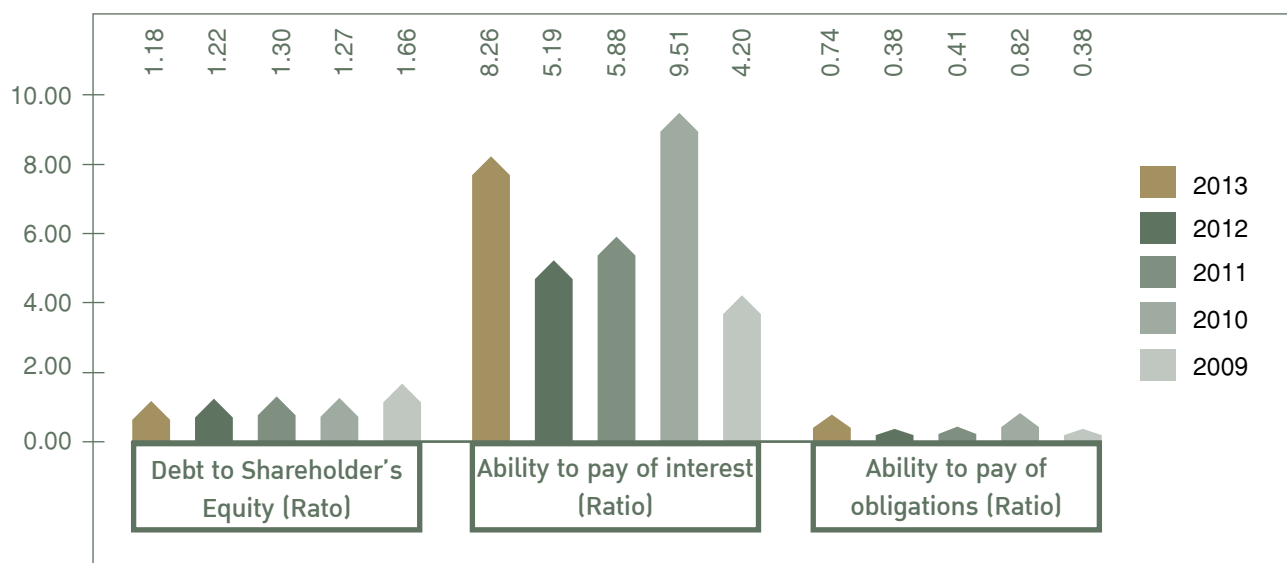


2. Financial Ratio

	2013	2012	2011	2010	2009
Gross profit	15%	22%	21%	26%	23%
Net profit	(3%)	3%	5%	9%	2%
Return on equity	(3%)	5%	8%	15%	2%
Return on total assets	(2%)	2%	3%	6%	1%
Debt to equity (Ratio)	1.18	1.22	1.30	1.27	1.66
Ability to pay of interest (Ratio)	8.26	5.19	5.88	9.51	4.20
Ability to pay of obligations (Ratio)	0.74	0.38	0.41	0.82	0.38
Basic earnings per share (Baht)	(0.15)	0.22	0.36	0.63	0.09
Book Value per Share (Baht)	4.60	4.85	4.73	4.56	4.16
Dividend per share (Baht)	0.00*	0.09	0.15	0.27	0.08

* Proposed that the annual general meeting of shareholders to disapproval the 2014 annual dividend of result for the fiscal year 2013. Due performance loss.





Management Discussion and Analysis: MD&A

Overview of Past Performance

The performance for the year 2013, the company and its subsidiaries has revenues from sales of 8,480.8 million baht, a decrease from the year 2012 by the amount of 1,285.8 million baht, equivalently 13%. Due to the effect from the slowdown economic situations both domestically and internationally towards the second half of 2012, it is resulted in that during the first half of the year the company and its total subsidiaries has gained a decrease in total revenues by the amount of 1,319.1 million baht from the first half of the year 2012, and during the second half of the year 2013, the global economic situations tend to be improved, resulting in an increase in the total revenues from sales, similar to that of 2012 with an increase of 33.2 million baht from 2012.

However, the existing fluctuations of the global economy has made the company to monitor and plan the management of such effects closely, control for efficient production, and ensure output that are consistent with the current situations and the market demand.

As the company has invested to expand the production capacity in 2 projects, one at Saraburi plant is a project on the production of finished Laminated Flooring with production capacity of 4,147,200 square meters per year. In 2012, the plant started to produce and distribute into the market. The second project involves production of Particleboard with the production capacity of 240,000 cubic meters per year, which already started to distribute into markets since the third quarter of 2013.

Profit and Loss Analysis in summary

In 2013, the company and its subsidiaries earned net profit of 214.9 Million Baht, compared to 283.8 Million Baht in 2012, the net profit decreased by 498.7 Million Baht (176%), mainly caused by the followings.

1. Revenue from sales decreased by 1,285.8 Million Baht, As the sales volume of the company and its subsidiaries are MDF board, and particleboard decreased 2 and 11 %, respectively, and average prices decreased by 15% and 9%, respectively, which proportion of Revenue from sales was detailed below.

	2013	2012
Revenue from local sales		
Sales to general customers	2,891.35	3,510.78
Sales to related companies	191.85	292.67
Total Revenue from sales - local (million baht)	3,083.20	3,803.45
Total Revenue from sales - export (million baht)	5,397.59	5,963.19
Total Revenue from sales (million baht)	8,480.79	9,766.64
Proportion between local sales and export sales	36 : 64	39 : 61

2. Cost of sales was 7,240.8 Million Baht, decreased by 678.1 Million Baht (9%), The main cause of lower sales volume of the product.
3. Selling expenses 945.7 Million Baht, decreased by 115.2 Million Baht. Due to lower sales volumes.
4. Administrative expenses 280.4 Million Baht, increased by 5.7 Million Baht. The main cause of the increase of the Saraburi plant.
5. Financial costs 233.1 Million Baht, decreased by 29.4 Million Baht. Due to the reduction of long-term debt principal repayments beginning on a different schedule.
6. Gross profit decreased from the year 2012, Reduction of selling expenses, financial cost and the increase of the administrative expenses. The net profit of the Company and its subsidiaries decreased by 498.7 Million Baht as such.

Return on equity the Company does not pay a dividend for the year 2013 due to performance losses. For the performance year 2012 and 2011 the Company paid dividends as detailed below.

Peration Results	2013	2012	2011
Net (Loss) Profit (Million Baht)	(215)	290	467
Dividend payment (Baht/Share)	-	0.09	0.15
Total dividend payment (Million Baht)	-	118	196
Rate of dividend payment*	-	40.52%	41.94%

* The dividend payment rate will correspond to the company's policy that would be not less than 40% of the net profit in the fiscal financial statement. This net profit would be after every legal and company's regulation reserve including accural of loss (in case). However, all factors including legal, company's financial status, current liquidity, conditions, regulations of the every contacts, investment of the future plans will be taken to consider before devidend payment.

Financial status

Total Assets

Company and its subsidiaries companies asset elements include trade receivable, inventories, property, plant and equipment.

Major Components of Assets	2013	2012
Trade receivable	8.06%	8.60%
Inventories	8.90%	12.74%
Property, Plant and Equipment	74.59%	72.88%

As of December 31, 2013, the Company and its subsidiaries had total assets of 13,091.0 million Baht in 2012 compared to total assets of 14,089.8 million Baht, a decrease of 998.8 million Baht, the details of the increase or decrease as follows.

1. Cash and cash equivalents increased by 198.0 million Baht.
2. Trade and notes receivable - net decrease of 156.9 million Baht.
3. Net inventories, decreased by 630.0 million Baht, mainly due to the decrease in finished goods 634.7 million Baht.

Total Liabilities

As of December 31, 2013, the Company and its subsidiaries had total liabilities of 7,087.7 million Baht compared to the year 2012, total liabilities were 7,754.0 million Baht, a decrease of 666.3 million Baht. Mainly due to the decrease in overdrafts and short-term loans from financial institutions of 415.2 million Baht., Trade and other payables 12.0 million Baht, Long-term loans 458.8 million baht, And an increase in advances received from customers of 179.2 million Baht, employee benefit obligations 38.1 million Baht.

Total shareholders' equity

As at 31 December 2013 the Company and its subsidiaries had total shareholders' equity was 6,003.3 million Baht compared to the year 2012 with the shareholders' equity 6,335.7 million Baht, a decrease from last year's 332.5 Million Baht. Due to the dividend payment in 2013 equal to 117.5 million Baht and the operating loss in 2013.

Debt to equity ratio year 2013 was 1.18:1 compared to 1.22:1 in 2012 was reduced by 0.04 times, mainly from loans from financial institutions decreased by decreasing both short and long term.

Liquidity

Cash Flow

Year 2013 the Company's cash flow from operating activities 1,743.2 million Baht, cash used in investing activities 304.3 million Baht and cash used in financing activities 1,240.8 million Baht, cash and cash equivalents balance at December 31, 2013. totaling 529.3 million Baht, an increase of Baht 198.0 million Baht summarized below.

- 1) Net cash flow from operating activities of 1,743.2 million Baht, an increase 670.8 million Baht from the past year. Due to a decrease in trade receivable and other receivables, the decrease in inventories, a decrease in the revenue department receivable, The decrease in trade payable and other payables, The increase advances received from customers.

- 2) Net cash flows used in investing activities of 304.3 million Baht, an decrease 345.4 million Baht from the past year, due in 2013, investment in property, plant and equipment for the expansion Laminated flooring and capacity expansion project of Particleboard are lower.
- 3) Net cash flows used in financing activities amounted to 1,240.9 million Baht, up from 875.5 million baht a year earlier. Due to the repayment of overdrafts and short-term loans from financial institutions, Repayments of long-term loans from financial institutions to determine, reduction of long-term loans from financial institutions for the expansion of the Laminated flooring and the expansion capacity of particleboard.

Liquidity Compare in year 2012

	Year 2013	Year 2012	Increase / (Decrease)
Liquidity ratio	0.73	0.83	(0.10)
Quick Liquidity ratio	0.35	0.33	0.02
Cash Flow Liquidity ratio	0.39	0.23	0.16

Liquidity ratio decreased because current assets decreased by 553.6 million Baht, current liabilities decreased by 155.1 million Baht, ratio quickly increased. Because current assets - inventories decreased 630.0 Baht million and liabilities - overdraft and short-term loans from financial institutions decreased by 415.2 million Baht, cash flow liquidity ratio increase. Due to cash flow from operations increased. The company has sufficient liquidity for operations and debt payments are due.

Profitability Ratios and Performance Ratios and Operating Efficiency Ratio.

Because the net profit in 2013 decreased by 498.7 Million Baht from the year 2012. (See Analysis of Profit and Loss of the Company and Subsidiaries) the company's profitability ratios and performance ratios decreased.

Financial ratios analysis

	Year 2013	Year 2012	Increase / (Decrease)
Debt to equity ratio	1.18	1.22	(0.04)
Ability to pay of interest ratio	8.26	5.19	3.07
Ability to pay of obligations ratio	0.74	0.38	0.36

Cash flow from operations in 2013 increased from 2012 due to 670.84 million Baht decrease in trade and other receivables, a decrease in the revenue department receivable, Due to the decrease in inventories, The decrease in trade and other payables, the increase in advance receive from customers, Cash flow from operations increased, Interest Coverage Ratio and Coverage obligations increased.

Capital expenditure

The manufacture of particleboard production capacity of 240,000 cubic meters per year, 1,150 million Baht investment Saraburi plant. Which started construction last year 2011 could be produced and sold in 3rd quarter in the year 2013.

Capital Sources

- Loan from financial institutions

Long-term liabilities

As of December 2013, company and it subsidiaries have long-term loans as follows;

Long-term liabilities from domestic financial institutions

1. Long-term liabilities from domestic financial institutions (borrowed by Vanachai Group Pcl.)

Amount 2,700.0 Million Baht

Outstanding Amount on ended 405.0 Million Baht

December 31,2013

Financial Institution Bangkok Bank Public Company Limited

Collateral Land and building, machines in MDF Board production project (LINE 2), Vanachai Panel Industries Co., Ltd.

Payment of Interest On the end of every month

Payment of Principal

- The first installment is on December 21, 2009. and the final installment is on September 2014
- The installment to be repaid for 20 installments at 135 million Baht per installment

Other credit term conditions

- Debt to equity ratio is not exceeding 2.5 : 1
- The Company must provide a subsidiary. Number of registered capital as a housing loan. And gradual drawdown to pay for new shares. In the same number until the end of 2,700 million Baht
- The Company shall maintain its proportion of 99.99% Debt until the end

2. Long-term loan from domestic financial institution (borrowed by Vanachai Group Pcl.)

Amount 1,235.0 Million Baht

Outstanding Amount on ended 247.7 Million Baht

December 31,2013

Financial Institution Bangkok Bank Public Company Limited

Collateral	Land and building, machines under ownership of the Vanachai Group PCL., MDF Board manufacturing plant in Saraburi
Payment of Interest	payment is made on monthly basis from date of loaning
Payment of Principal	Amount of 61.75 million Baht is paid on quarterly basis. The initial installment is scheduled on March 31, 2010. The principal sum payment shall be made completely by ended 28 February 2015.
Other credit term conditions	Debt to equity ratio is restricted not exceeding 2.5 : 1
3. Long-term loan from domestic financial institutions (borrowed by Vanachai Group Pcl.)	
Amount	284.0 Million Baht
Outstanding Amount on ended December 31,2013	227.2 Million Baht
Financial Institution	Bangkok Bank Public Company Limited
Collateral	Land and building, machineries under the proprietary ownership of the Vanachai Group Public Company Limited - Laminated flooring production plant at Saraburi
Payment of Interest	Monthly interest payment at the end of each month
Payment of Principal	Amount of 14.20 Million Baht each quarterly the first installment is paid on March 31, 2013, provided that principal amount shall be paid completely by June 25, 2018
Other credit term conditions	Debt to equity ratio is restricted not exceeding 2.5 : 1
4. Long-term loan from domestic financial institution (borrowed by Vanachai Group Pcl.)	
Amount	1,150.0 Million Baht
Outstanding Amount on ended December 31,2013	1,035.0 Million Baht
Financial Institution	Kasikorn bank Public Company Limited
Collateral	Land and building, machines under the proprietary ownership of the Vanachai Group Public Company Limited - particleboard production plant at Saraburi
Payment of Interest	payment shall be made on the end business day of the month
Payment of Principal	Amount of 57.50 Million Baht each quarterly, the first installment is paid on the end date of 27 th month, from June 21, 2011, provided that principal amount shall be paid completely within 84 months.
Other credit term conditions	Debt to Equity ratio shall be maintained at not exceeding 2.5: 1 times

5. Long-term loan from domestic financial institution (borrowed by Vanachai Group Pcl.)

Amount	1,000.0 Million Baht
Outstanding Amount on ended December 31,2013	950.0 Million Baht
Financial Institution	Bangkok Bank Public Company Limited
Collateral	Land and building, machines under the proprietary ownership of the Particle Planner Co., Ltd.
Payment of Interest	Interest is paid on the last business day of the month
Payment of Principal	Amount of 50.0 Million Baht each quarterly, the first installment is paid on the end date of 27 th month, from April 18, 2012, provided that principal amount shall be paid completely within 84 months after the first installment loans.
Other credit term conditions	Guarantee by Particle Planner Company Limited

6. Long-term loan from domestic financial institution (borrowed by Vanachai Panel Industries Co., Ltd.)

Amount	1,450.0 Million Baht
Outstanding Amount on ended December 31,2013	260.0 Million Baht
Financial Institution	Kasikorn bank Public Company Limited
Collateral	Land and building, machine under the proprietary ownership of the Vanachai Panel Industrial Co., Ltd., Particleboards production plant (Line 2) at Weingsra Suratthani
Payment of Interest	payment at the end of each month
Payment of Principal	● Grace period 2 years ● Quarterly principal sum payment totals 21 installments. - Installment 1st - 20th repayment is 70 million Baht - Installment 21st (last payment) is 50 million Baht
Other credit term conditions	● Subsidiaries shall maintain a debt to equity ratio exceeds 2.5 to 1. ● Subsidiaries / Affiliates of Vanachai Group shall allow the bank to exercise right prior to its issuing the debenture so that it shall pay the debt of 1,450 million Baht first, and enter into the derivative transaction for loan. ● The subsidiary shall pay the dividend of not exceeding 70% of net profit.

7. Long-term loan from domestic financial institution (borrowed by Vanachai Group Pcl.)

Amount	1,200.0 Million Baht
Outstanding Amount on ended December 31,2013	1,080.0 Million Baht
Financial Institution	TMB Bank Public Company Limited
Collateral	1. Land with buildings on the Deed No. 12653 at Ban Bung, Nong E-roon, Chonburi 2. Machine and equipment, MDF production line 3 ownership of Vanachai Group Pcl. Ban Bung, Chonburi.
Payment of Interest	Monthly payments paid on the last day of the month.
Payment of Principal	● Principal is repayable quarterly. ● Repayment for 20 installments, installments at 60 million Baht ● First payment on 30 September 2013.
Other credit term conditions	1. The Company must maintain a debt to equity ratio of not more than 2.5 times. 2. The company must maintain its financial instruments. (DSCR) a. Year 2014 not less than 1.0 times. b. Year 2015, not less than 1.10 times onwards. 3. The Company must maintain a ratio of current assets to current liabilities (Current Ratio) of not less than 1.0 times the consolidated financial statements of the Company.

- Long-term loans of the Company Group. A floating rate as of December 31, 2013 is between 3.22 to 5.25% per year.

Factors and influences that may affect operations or financial position in future.

Due to the Company and its subsidiaries. In the manufacture of wood replacement wood. With manufacturers in many industries the same. Dependence on revenues from both domestic and export the key. Impact on performance depends on economic conditions both domestically and abroad. Other manufacturers. In most markets, pricing policies, access to markets. Resulting in severe competition. Which results in lower sales and affect its sales. In the international market, The Global crisis. The impact on confidence in the overall consumption. Especially in countries with a customer. Impact on the demand for its products which has resulted in the total exports of the company directly.

Some of the costs of raw materials such as rubber wood, rubber prices in line with the market price of rubber latex and natural disasters such as floods in rubber plantation and the increase in oil prices in world markets. The cost of raw materials used to produce a higher price. And the higher cost of sales as well. In addition, the freight both domestically and internationally. There are factors that affect competition in the market as well.

Long-term loans of The Company and its subsidiaries. Currency Baht has no effect on exchange rate fluctuations. And the interest rate is floating and all. Affect operating results or financial position in the future. If the interest rate is adjustable for height. and result of long-term loans will affect liquidity and cash flow. At the beginning of the gradual repayment of principal.

Short-term loans. All have a floating interest rate. Affects the interest paid higher interest rates if the increase.

Board of Directors' Responsibility to the Financial Statement Report

Board of Directors of Vanachai Group Public Company are accountable for consolidated financial statement of Vanachai Group Plc. and its subsidiaries, including financial information demonstrated in annual report. Such financial report is consistent with generally acceptable accounting standard, where selected accounting policy is proper and applicable regularly, based upon judicious discretion and optimum estimation in operating procedure, as well exposure of important information sufficient to footnotes of financial statement

The board provides and maintains effective internal control to ensure that accounting record process is accurate, complete and adequate to keep assets, and to acknowledge the weakness to prevent possible fraud or significant unusual operation. For this reason,

The board has appointed audit committees including non-executive committees to supervise quality of financial report and internal control, and respective consent of committee. These all show in audit committee report which has already demonstrated in annual report.

Based on board's opinion, internal control of Vanachai Groups Public Company Limited is relatively satisfactory, and convince reliability on company financial statement and its subsidiaries as at ended December 31, 2013.



(Mr. Sompop Sahawat)

Chairman



(Mr. Wanthana Jaroennawarat)

Managing Director

AUDITOR'S REPORT

To the Shareholders of VANACHAI GROUP PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the separate financial statements of VANACHAI GROUP PUBLIC COMPANY LIMITED and its subsidiary companies and also of VANACHAI GROUP PUBLIC COMPANY LIMITED only, respectively, which comprise the consolidated and the separate statements of financial positions as at December 31, 2013, and the related consolidated and the separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the separate 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 consolidated and the separate 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 consolidated and the separate 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 consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial position of VANACHAI GROUP PUBLIC COMPANY LIMITED and its subsidiary companies and also of VANACHAI GROUP PUBLIC COMPANY LIMITED only, respectively, as at December 31, 2013, and of their consolidated and the separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter and Event

Without expressing a qualified opinion on the above financial statements, I would like to draw attention to the matter as explained in Notes to financial statements No. 3 noting that the Company and its subsidiaries have first time adopted the Thai Accounting Standard No. 12 on Income Taxes, The consolidated and separate financial statements for the year ended December 31, 2012 and the consolidated and separate statements of financial position as at January 1, 2012, presented herein for comparison, have been retrospectively adjusted for the effect of the adoption of the said newly issued standard. I have audited the relevant adjustments and in my opinion, those adjustments are fairly appropriate.

Other Matter

The consolidated and separate statements of financial position as at December 31, 2012 of VANACHAI GROUP PUBLIC COMPANY LIMITED and its subsidiaries and of VANACHAI GROUP PUBLIC COMPANY LIMITED, which presented for comparative information purposes, were audited by another auditor who expressed an unqualified opinion on those financial statements in his report date February 26, 2013.

SAM NAK-NGAN A.M.C. CO., LTD.



(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) Registration No. 4664

Bangkok,

February 20, 2014

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2013

(Unit : Baht)

Notes	Consolidated financial statements as at			Separate financial statements as at		
	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Assets						
Current assets						
Cash and cash equivalent items	529,309,569.06	331,296,824.81	273,933,318.67	157,877,994.26	177,546,697.35	46,284,904.40
Trade and other receivable 6.1 and 7	1,054,962,831.32	1,211,881,347.06	1,152,361,236.36	560,612,400.52	552,185,675.16	527,055,093.20
Revenue Department receivable	33,495,544.76	37,071,234.53	83,692,282.75	11,732,111.88	11,139,002.39	32,096,984.03
Inventories 8	1,165,549,317.19	1,795,586,249.60	1,985,903,860.99	440,144,405.23	487,753,738.09	615,542,915.39
Maintenance supplies	404,218,464.45	365,263,938.65	357,787,880.66	138,015,867.94	116,956,013.58	113,179,495.66
Total current assets	3,187,535,726.78	3,741,099,594.65	3,853,678,579.43	1,308,382,779.83	1,345,581,126.57	1,334,159,392.68
Non-current assets						
Investments in subsidiary companies 9	-	-	-	4,701,998,460.00	4,701,998,460.00	4,701,998,460.00
Property, plant and equipment 10	9,765,048,216.11	10,267,964,167.48	10,311,678,480.29	2,726,306,292.56	2,708,535,211.24	2,271,105,419.57
Intangible assets 11	4,827,514.17	4,006,392.75	4,834,393.74	1,706,328.52	1,435,477.09	1,621,181.25
Deferred tax assets 12	125,658,381.84	68,510,347.94	74,711,255.85	64,575,770.11	18,608,357.58	18,370,397.45
Other non-current assets	7,918,947.96	8,173,267.39	5,094,841.56	6,858,273.40	6,935,500.89	3,972,677.06
Total non-current assets	9,903,453,060.08	10,348,654,175.56	10,396,318,971.44	7,501,445,124.59	7,437,513,006.80	6,997,068,135.33
Total assets	13,090,988,786.86	14,089,753,770.21	14,249,997,550.87	8,809,827,904.42	8,783,094,133.37	8,331,227,528.01

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2013

(Unit : Baht)

		Consolidated financial statements as at			Separate financial statements as at		
Notes		December 31, 2013	December 31, 2012	January 1, 2012	December 31,2013	December 31,2012	January 1,2012
		(Restated)	(Restated)		(Restated)	(Restated)	(Restated)
Liabilities and shareholders' equity							
Current liabilities							
Overdrafts and short-term							
loans from financial							
institutions	13	1,676,778,452.62	2,091,982,606.57	1,929,235,277.13	505,000,000.00	525,000,000.00	671,897,081.25
Trade and other payable	6.1 and 14	825,656,885.56	837,686,262.72	1,036,545,408.58	970,423,331.55	722,348,218.81	802,489,376.56
Advances received from customers		199,745,875.32	20,518,209.64	185,266,767.62	21,898,094.88	12,934,313.41	24,138,599.60
Current portion of long-term							
loans	15	1,638,800,000.00	1,538,800,000.00	1,649,800,000.00	1,378,800,000.00	1,008,800,000.00	832,000,000.00
Short-term loans from							
related parties	6.1	-	-	-	220,000,000.00	180,000,000.00	330,000,000.00
Accrued income tax payable		-	7,084,493.42	25,745,451.34	-	-	7,331,058.95
Total current liabilities		4,340,981,213.50	4,496,071,572.35	4,826,592,904.67	3,096,121,426.43	2,449,082,532.22	2,667,856,116.36
Non-current liabilities							
Long-term loans from financial							
institutions	15	2,565,400,000.00	3,124,200,000.00	3,058,005,564.50	2,565,400,000.00	2,864,200,000.00	2,262,600,000.00
Employee benefit							
obligations	16	155,655,197.00	117,593,679.44	106,619,302.43	70,880,525.00	54,352,170.50	49,872,500.50
Other non-current liabilities		25,661,358.66	16,142,489.44	10,971,430.61	8,379,729.50	-	-
Total non-current liabilities		2,746,716,555.66	3,257,936,168.88	3,175,596,297.54	2,644,660,254.50	2,918,552,170.50	2,312,472,500.50
Total liabilities		7,087,697,769.16	7,754,007,741.23	8,002,189,202.21	5,740,781,680.93	5,367,634,702.72	4,980,328,616.86

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2013

(Unit : Baht)

Notes	Consolidated financial statements as at			Separate financial statements as at		
	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Shareholders' equity						
Share capital 17						
Authorized share capital						
1,425,839,127 ordinary shares @ Baht 1.00	1,425,839,127.00	1,425,839,127.00	1,425,839,127.00	1,425,839,127.00	1,425,839,127.00	1,425,839,127.00
Issued and paid-up share capital						
1,305,839,127 ordinary shares @ Baht 1.00	1,305,839,127.00	1,305,839,127.00	1,305,839,127.00	1,305,839,127.00	1,305,839,127.00	1,305,839,127.00
Premium on ordinary shares	1,020,000,000.00	1,020,000,000.00	1,020,000,000.00	1,020,000,000.00	1,020,000,000.00	1,020,000,000.00
Retained earnings						
Appropriated						
Legal reserve 18	142,667,000.00	142,667,000.00	142,667,000.00	142,667,000.00	142,667,000.00	142,667,000.00
Unappropriated	3,534,784,890.70	3,867,239,901.98	3,779,302,221.66	600,540,096.49	946,953,303.65	882,392,784.15
Total shareholders' equity	6,003,291,017.70	6,335,746,028.98	6,247,808,348.66	3,069,046,223.49	3,415,459,430.65	3,350,898,911.15
Total liabilities and shareholder's equity	13,090,988,786.86	14,089,753,770.21	14,249,997,550.87	8,809,827,904.42	8,783,094,133.37	8,331,227,528.01

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2013

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		(Restated)		(Restated)	
Revenue from sales		8,480,786,548.29	9,766,636,266.96	2,934,293,425.91	3,735,197,882.10
Cost of sales		(7,240,778,960.69)	(7,918,834,161.00)	(2,829,538,030.48)	(3,252,632,033.99)
Gross profit		1,240,007,587.60	1,847,802,105.96	104,755,395.43	482,565,848.11
Dividend income from subsidiaries		-	-	78,697,405.80	279,946,730.02
Gain from exchange rate		20,720,748.17	60,531,434.26	9,776,083.29	4,852,137.47
Other income		27,324,905.61	72,759,230.50	30,395,558.76	13,354,435.29
Profit before expenses		1,288,053,241.38	1,981,092,770.72	223,624,443.28	780,719,150.89
Selling expenses		(945,713,767.48)	(1,060,897,687.40)	(153,896,715.45)	(210,401,938.32)
Administrative expenses		(280,444,081.72)	(274,787,397.87)	(125,665,636.07)	(117,686,063.80)
Management benefit expense	6.3	(70,023,652.98)	(72,253,031.75)	(19,948,694.00)	(20,426,311.50)
Financial cost		(233,108,785.09)	(262,544,170.79)	(186,805,464.02)	(172,006,408.85)
Total expenses		(1,529,290,287.27)	(1,670,482,287.81)	(486,316,509.54)	(520,520,722.47)
Profit (loss) before income tax		(241,237,045.89)	310,610,482.91	(262,692,066.26)	260,198,428.42
Income tax (expenses) revenues	21	50,417,171.24	(26,796,933.54)	43,534,626.13	237,960.13
Profit (loss) for the year		(190,819,874.65)	283,813,549.37	(219,157,440.13)	260,436,388.55
Other comprehensive income					
Actuarial losses arising from defined benefit plan		(28,892,297.00)	-	(12,163,932.00)	-
Income tax relevance with other comprehensive income		4,781,781.80	-	2,432,786.40	-
Other comprehensive income for the years-net of income tax		(24,110,515.20)	-	(9,731,145.60)	-
Total comprehensive income for the year		(214,930,389.85)	283,813,549.37	(228,888,585.73)	260,436,388.55
Basic earnings (loss) per share	22	(0.15)	0.22	(0.17)	0.20

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2013

(Unit : Baht)

Notes	Retained earnings				Total
	Issued and paid-up share capital	Premiums on share capital	Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2012 (previously reported)	1,305,839,127.00	1,020,000,000.00	142,667,000.00	3,704,590,965.81	6,173,097,092.81
Impact of change in accounting policy 3	-	-	-	74,711,255.85	74,711,255.85
Balance as at January 1, 2012 (restated)	1,305,839,127.00	1,020,000,000.00	142,667,000.00	3,779,302,221.66	6,247,808,348.66
Changes in shareholders' equity for the year 2012					
Dividend paid 19	-	-	-	(195,875,869.05)	(195,875,869.05)
Comprehensive income for the year (restated)	-	-	-	283,813,549.37	283,813,549.37
Ending balance as at December 31, 2012 (restated)	1,305,839,127.00	1,020,000,000.00	142,667,000.00	3,867,239,901.98	6,335,746,028.98
Changes in shareholders' equity for the year 2013					
Dividend paid 19	-	-	-	(117,524,621.43)	(117,524,621.43)
Comprehensive income for the year	-	-	-	(214,930,389.85)	(214,930,389.85)
Ending balance as at December 31, 2013	1,305,839,127.00	1,020,000,000.00	142,667,000.00	3,534,784,890.70	6,003,291,017.70

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2013

(Unit : Baht)

	Notes	Retained earnings				Total
		Issued and paid-up share capital	Premiums on share capital	Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2012 (previously reported)		1,305,839,127.00	1,020,000,000.00	142,667,000.00	864,022,386.70	3,332,528,513.70
Impact of change in accounting policy	3	-	-	-	18,370,397.45	18,370,397.45
Balance as at January 1, 2012 (restated)		1,305,839,127.00	1,020,000,000.00	142,667,000.00	882,392,784.15	3,350,898,911.15
Changes in shareholders' equity for the year 2012						
Dividend paid	19	-	-	-	(195,875,869.05)	(195,875,869.05)
Comprehensive income for the year (restated)		-	-	-	260,436,388.55	260,436,388.55
Ending balance as at December 31, 2012 (restated)		1,305,839,127.00	1,020,000,000.00	142,667,000.00	946,953,303.65	3,415,459,430.65
Changes in shareholders' equity for the year 2013						
Dividend paid	19	-	-	-	(117,524,621.43)	(117,524,621.43)
Comprehensive income for the year		-	-	-	(228,888,585.73)	(228,888,585.73)
Ending balance as at December 31, 2013		1,305,839,127.00	1,020,000,000.00	142,667,000.00	600,540,096.49	3,069,046,223.49

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

For the year ended December 31, 2013

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flow from operating activities				
Net profit (loss) before income tax	(241,237,045.89)	310,610,482.91	(262,692,066.26)	260,198,428.42
Adjustments to reconcile profit (loss) for cash received (used) from operations				
Bad debts and doubtful debts (reversal)	(1,886,442.94)	(446,304.23)	(595,176.29)	122,744.38
Loss on diminutions in the value of inventories (reversal)	(10,208,657.15)	25,463,506.80	3,395,559.36	6,009,669.70
Dividend income from subsidiaries	-	-	(78,697,405.80)	(279,946,730.02)
Depreciation	834,415,833.64	788,340,045.19	212,111,642.08	184,849,270.44
Amortized intangible assets	1,235,931.13	1,064,250.99	593,636.08	421,954.16
(Gain) loss from disposed and written-off assets	7,671,556.86	(14,514,357.67)	419,228.22	723,451.57
Unrealized (gain) loss on exchange rate	(11,737,044.76)	(5,035,647.16)	(808,630.65)	(634,875.58)
Employee benefits obligations	13,289,420.50	12,031,377.01	5,923,102.50	5,278,270.00
Interest income	(2,258,067.40)	(3,213,930.84)	(10,535,347.58)	(1,475,924.65)
Interest expenses	230,098,780.11	262,544,170.79	186,805,464.02	172,006,408.85
Profit from operation before changes in operating assets and liabilities	819,384,264.10	1,376,843,593.79	55,920,005.68	347,552,667.27
Operating assets (increase) decrease				
Trade and other receivable	162,378,740.60	(61,765,534.83)	(7,120,517.72)	(25,293,461.29)
Revenue Department receivable	3,622,300.12	46,621,048.22	(593,109.49)	20,957,981.64
Inventories	640,245,589.56	164,854,104.59	44,213,773.50	121,779,507.60
Maintenance supplies	(38,954,525.80)	(7,476,057.99)	(21,059,854.36)	(3,776,517.92)
Other non-current assets	254,319.43	(460,638.36)	77,227.49	-
Operating liabilities increase (decrease)				
Trade and other payable	(20,625,895.17)	(246,754,374.75)	238,605,593.65	(123,006,075.84)
Advances received from customers	179,227,665.68	(164,748,557.98)	8,963,781.47	(11,204,286.19)
Employee benefits obligations	(4,120,199.94)	(1,057,000.00)	(1,558,680.00)	(798,600.00)
Other non-current liabilities	8,612,696.67	5,404,026.00	8,379,729.50	-
Cash received from operation	1,750,024,955.25	1,111,460,608.69	325,827,949.72	326,211,215.27
Cash received from interest income	2,258,067.40	3,213,930.84	1,347,744.87	1,475,924.65
Cash paid for income tax	(9,080,184.63)	(42,308,450.06)	-	(10,340,589.36)
Net cash received from operating activities	1,743,202,838.02	1,072,366,089.47	327,175,694.59	317,346,550.56

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

For the year ended December 31, 2013

(Unit : Baht)

Note	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flow from investing activities				
Cash paid for short-term loans to related parties	-	-	(550,000,000.00)	-
Cash received from short-term loans to related parties	-	-	550,000,000.00	-
Cash received from interest income of short-term loans to related parties	-	-	9,187,602.71	-
Dividend income from subsidiaries	-	-	78,697,405.80	279,946,730.02
Cash paid for purchase of property, plant and equipment	(303,795,710.72)	(693,496,295.66)	(197,193,545.66)	(548,664,491.64)
Cash received from sales property, plant and equipment	1,536,261.17	3,958,744.39	1,027,663.54	944,046.73
Cash received from insurance claim on property, plant and equipment	-	40,106,253.10	-	-
Cash paid for purchase of intangible assets	(2,057,052.55)	(236,250.00)	(864,487.51)	(236,250.00)
Net cash used in investing activities	(304,316,502.10)	(649,667,548.17)	(109,145,361.12)	(268,009,964.89)
Cash flow from financing activities				
Increase(decrease) in overdrafts and short-term loans from financial institutions	(403,120,217.99)	173,371,001.28	(20,000,000.00)	(146,897,081.25)
Cash paid for short-term loans from subsidiaries	-	-	40,000,000.00	(150,000,000.00)
Cash received from long-term loans from financial institutions	1,200,000,000.00	1,610,400,000.00	1,200,000,000.00	1,610,400,000.00
Cash paid for long-term loans from financial institutions	(1,658,800,000.00)	(1,655,205,564.50)	(1,128,800,000.00)	(832,000,000.00)
Dividend paid	(117,524,621.43)	(195,794,432.75)	(117,524,621.43)	(195,794,432.75)
Cash paid for interest expenses	(261,428,752.25)	(298,106,039.19)	(211,374,415.13)	(203,783,278.72)
Net cash received from (used in) financing activities	(1,240,873,591.67)	(365,335,035.16)	(237,699,036.56)	81,925,207.28
Cash and cash equivalent items increase(decrease)-net	198,012,744.25	57,363,506.14	(19,668,703.09)	131,261,792.95
Cash and cash equivalent items at the beginning of the year	331,296,824.81	273,933,318.67	177,546,697.35	46,284,904.40
Cash and cash equivalent items at the end of the year	23.1 529,309,569.06	331,296,824.81	157,877,994.26	177,546,697.35

Notes to financial statements are an integral part of these financial statements.

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013

1. General information

VANACHAI GROUP PUBLIC COMPANY LIMITED ("The Company") was registered as a company limited on February 23, 1989 with the registration number 1656/2532 and later registered its conversion to a public company limited on November 1, 1994 with the registration number 0107537002621. The company is listed on Stock Exchange of Thailand. Its registered office is located at 2/1 Wongsawang Road, Wongsawang, Bangsue, Bangkok, Thailand. It has two factories (or branch offices) located at 22/1 Moo 1, Tambon Nong-E-Roon, Banbuang District, Chonburi Province and at 112 Moo 1, Tambon Ban That, Kangkoi District, Saraburi Province.

The principal activities of the Company and subsidiaries (collectively called the "Group Companies") involve production and distribution of wood plates, MDF boards and Particle boards.

The Vanachai Group of Companies Co., Ltd. is a major shareholder, holding 48.94% of the share capital of the Vanachai group Public Company Limited., which this company incorporated in Thailand and major business is holding company. The principal shareholder of the Company's major shareholder are Saha-wat family and Jaroennawarat family.

2. Basis of financial statement preparation

2.1 The financial statements are issued for reporting purposes to be used in Thailand are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.2 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals ("FAP") established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies

2.3 During the year 2013, the Federation of Accounting Professions has issued notifications mandating the use of new and revised Financial Reporting Standards and interpretation as follows:-

Reference standard No.	Name
TAS No. 12	Income Taxes
TAS No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS No. 8	Operating Segments
TSIC No. 10	Government Assistance - No Specific Relation to Operating Activities
TSIC No. 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC No. 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers to and Transfers from of Financial Assets

The adoption of these new and revised TFRS, Interpretation and Accounting Treatment Guidance have resulted in changes in the Group Companies accounting policies. The effects of these changes are disclosed in the notes to financial statements No. 3.

In addition to the above new and revised TFRS, the FAP has issued and revised Thai financial reports standards (TFRS), that have not been adopted in the preparation of these financial statements as listed below.

Reference standard No.	Name	Effective date
<u>Thai Accounting Standards (TAS)</u>		
TAS No. 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS No. 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS No. 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS No. 17 (Revised 2012)	Leases	January 1, 2014
TAS No. 18 (Revised 2012)	Revenue	January 1, 2014
TAS No. 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS No. 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates	January 1, 2014
TAS No. 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS No. 28 (Revised 2012)	Investments in Associates	January 1, 2014

Reference standard No.	Name	Effective date
TAS No. 31 (Revised 2012)	Interests in Joint Venture	January 1, 2014
TAS No. 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS No. 38 (Revised 2012)	Intangible Assets	January 1, 2014
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS No. 2 (Revised 2012)	Share-based Payment	January 1, 2014
TFRS No. 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS No. 4	Insurance contracts	January 1, 2016
TFRS No. 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS No.8 (Revised 2012)	Operating Segments	January 1, 2014
<u>Thai Financial Reporting interpretations (TFRIC)</u>		
TFRIC No. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC No. 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC No. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC No. 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRIC No. 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC No. 12	Service Concession Arrangement	January 1, 2014
TFRIC No. 13	Customer Loyalty Programmes	January 1, 2014
TFRIC No. 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC No. 18	Transfers of Assets from Customers	January 1, 2014
<u>Thai Accounting Standard Interpretations (TSI)</u>		
TSIC No. 15	Operating Leases-Incentives	January 1, 2014
TSIC No. 27	Evaluating the Substance of Transactions in the Legal form of a Lease	January 1, 2014
TSIC No. 29	Service Concession Arrangement : Disclosure	January 1, 2014
TSIC No. 32	Intangible assets-Web Site Costs	January 1, 2014

The Company's and its subsidiaries' management will adopt the above Financial Reporting Standards and interpretation relevant to the Company and its subsidiaries in the preparation of the financial statements of the Company and its subsidiaries when they become effective. In addition, the Company's and its subsidiaries' management have assessed the effects of these standards and believes that they will not have any significant impact on the financial statements for the period in which they are initially applied.

- 2.4 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows: -

Lease agreement

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful debt

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for the cost of goods exceeding net realisable value

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

Property, plant and equipment and depreciation

Management determines the estimated useful lives and residual values for the Group's plant and equipment. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount

of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Estimate on employee benefit obligations

The obligation under the post-employment benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Other estimates are disclosed under related caption in these notes to financial statements.

3. Significant change in accounting policy

Since January 1, 2013, the Group Companies changed in accounting policy for the first-time adoption of TAS No. 12 on Income Taxes. The consolidated and separate financial statements for the year ended December 31, 2012, and the consolidated and separate statements of financial position as at January 1, 2012, presented herein for comparison, have been retrospectively adjusted for the effect of the implementation of the first-time adoption of TAS. The effect can be shown as follows:-

(Unit : Baht)

	Consolidated financial statements			Separate financial statements		
	Before readjustment	Readjustment increase (decrease)	After readjustment	Before readjustment	Readjustment increase (decrease)	After readjustment
Statements of financial position as at January 1, 2012						
Deferred tax assets increase	-	74,711,255.85	74,711,255.85	-	18,370,397.45	18,370,397.45
Retained earnings increase	3,704,590,965.81	74,711,255.85	3,779,302,221.66	864,022,386.70	18,370,397.45	882,392,784.15
Statements of financial position as at December 31, 2012						
Deferred tax assets increase	-	68,510,347.94	68,510,347.94	-	18,608,357.58	18,608,357.58
Retained earnings increase	3,798,729,554.04	68,510,347.94	3,867,239,901.98	928,344,946.07	18,608,357.58	946,953,303.65
Statements of comprehensive income for the year ended December 31, 2012						
Income tax expenses increase	20,596,025.63	6,200,907.91	26,796,933.54	-	237,960.13	237,960.13
Comprehensive income decrease	290,014,457.28	(6,200,907.91)	283,813,549.37	260,198,428.42	237,960.13	260,436,388.55
Earnings per share Baht/share	0.22	-	0.22	0.20	-	0.20

4. Basis of the consolidated financial statements preparation

- 4.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of four subsidiary companies (collectively called the “Group Companies”) The detail of structure and shareholding ratio of the Group Companies is as follows :-

Name of companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
Particle Planner Co., Ltd.	Manufacture particle boards	Thailand	99.99	99.99
Vanachai Chemical Industries Co., Ltd.	Manufacture glue and melamine impregnated paper products	Thailand	99.99	99.99
Vanachai Panel Industries Co., Ltd.	Manufacture particle boards and wood plate MDF boards	Thailand	99.99	99.99
Woodtek International Co., Ltd.	Marketing management for various products of the Group	Thailand	99.97	99.97

- 4.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, 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.
- 4.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 4.4 The accounting periods of subsidiary companies ended the same date as that of Vanachai Group Public Company Limited.
- 4.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

5. Summary of significant accounting policies

The significant accounting policies of the Group Companies can be summarized as follows:

- 5.1 Cash and cash equivalent items includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed duration for repayment with no obligation commitment.

- 5.2 Trade accounts receivable and other accounts receivable are shown at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.
- 5.3 Inventories are valued at lower of cost using the weighted average method or net realisable value and adjusted by slow-moving or out-of-date goods(if any), which estimate from each type of goods expected to be dilapidated.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprise raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

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

- 5.4 Spare parts for repairs are shown at cost using the weighted average method adjusted by allowance for spare parts for repairs that are slow-moving or obsolete (if any) and will be treated as part of manufacturing cost once they are taken out for use.
- 5.5 Investments in subsidiary companies in the separate financial statements are recorded under the cost method and the recognition of the change in the investment in the statements of comprehensive income is recorded when the investment is disposed or the impairment of the investment incurred.
- 5.6 Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any). Buildings and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Group's depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

Land improvements	20 years
Building improvement, factory building and construction	5-30 years
Machines and equipment	10-20 years
Vehicles	5-10 years
Tools	5-10 years
Furniture and office equipment	3-5 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

- 5.7 Intangible assets with finite useful lives which the Group Companies acquired are stated at historical cost less accumulated amortization and impairment loss (if any). The Group's amortization is calculated on the straight-line method over their estimated useful life.

The Group Companies makes amortization of intangible asset with certain useful life systematically throughout the useful life of such asset and there will be assessment of value impairment of that asset once indication appears that impairment will occur. The Group Companies will review the period and method for amortization of intangible assets with certainty in useful life at least every end of the year. Amortized expense is recognized in profit or loss. Intangible asset with limited useful life, which is copyright fee, has the period of useful life of 10-20 years.

- 5.8 Impairment of assets, with the main business activities assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group Companies make an estimate of the asset's recoverable amount. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statements of comprehensive income.

The recoverable amount of assets is the greater of fair value less costs to sell the asset and value in use.

Reversal of an impairment loss when there is an indication that the recoverable amount may have changed. The reversal amount is not exceed its book value after decrease accumulated depreciation or cost of disposal then likely the impairment loss transaction is no longer exist or decreased.

- 5.9 Trade and other accounts payable are shown at cost.
- 5.10 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.
- 5.11 Employee benefits

Short-term employee benefits

The Group Companies recognize salaries, wages, bonuses and contributions to Social Security Fund as expense when incurred.

Post-employment benefits (Defined benefit plans)

The Group Companies have obligations in respect of the severance payments then must make to employees upon retirement under labor law. The Group Companies treat these severance payment obligations as a defined benefit plan.

The Group Companies hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost. All actuarial gains and losses are recognized immediately in other comprehensive income.

- 5.12 Estimation of liabilities: The Group Companies will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful or economic resources in order to make payment toward obligation and the amount to be paid is respectfully estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Group Companies will recorded the recovered payment as asset separately but the amount so recorded must be more than the amount of related liability estimate and the related expense with the liability estimate will be shown in the statement of income in the net amount after recovered expense already recognized.
- 5.13 Incomes recognition, revenue recognized excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts with the following policies: -
- 5.13.1 Sale of goods is recognized as revenue 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, or the economic benefit due from the sale of goods or the amount of the revenue and costs incurred could not be reasonably measure, or probable return of goods. Service income is recognized as services are provided.

5.13.2 Dividend income is recognized as the revenue on the date the Group Companies has right to receive payments is established.

5.13.3 Interest and other income are recognized by accrual basis.

5.14 Expenses recognition are as follows :-

5.14.1 For asset under lease contract, in which risk and ownership right in that asset vested in the lessor, is treated as operating lease contract. Leasing fee paid under the operating lease contract is accounted as expense by straight-line method throughout the lease period.

5.14.2 Financial costs such as interest expenses and similar costs are charged to the statements of income for 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.

5.14.3 Other expenses are recognized by accrual basis.

5.15 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group Companies recognizes deferred tax liabilities for all taxable temporary differences while they recognizes deferred tax assets for all deductible temporary differences and tax losses they carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Group Companies reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

5.16 The calculations of basic earnings (loss) per share for the year were based on the profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares held by outsiders during the year.

- 5.17 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the year-end date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in the statements of comprehensive income for the year.
- 5.18 The related parties and related companies with the Group Companies meant individuals or enterprises which have the controlling power over the Group Companies or are controlled by Group Companies either directly or indirectly, or under the same control with the Group Companies. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group Companies, important management, directors or the employees of the Group Companies who have the power to plan and control the operations of the Group Companies including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 5.19 The sectoral business operation is disclosed under the separate business sectors of the Group Companies, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.
- 5.20 Financial instruments consisted of financial assets and liabilities carried on the statement of financial positions include cash and cash equivalents, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies for related items.

6. Inter-transaction with related companies

The Company has significant inter-transactions items incurred with its subsidiary and related companies with common shareholders group and mutual directors and management. The material inter-transaction items and outstanding balance with the subsidiary and related companies could be summarized as follows:-

6.1 Inter-assets and liabilities

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
<u>Trade and other receivable</u>				
- Trade receivable				
Particle Planner Co., Ltd.	-	-	99,766.80	435,166.86
Vanachai Chemical Industries Co., Ltd.	-	-	111,344.20	72,225.00
Mae Yai Co., Ltd.	24,810,306.69	29,115,669.42	24,456,115.29	28,696,368.52
Vanachai Veneer and Plywood Co., Ltd.	384,237.00	30,122.64	-	30,122.64
Woodland Co., Ltd.	22,867,483.60	35,566,826.75	22,237,424.80	34,350,703.27
Total	48,062,027.29	64,712,618.81	46,904,651.09	63,584,586.29
- Other receivable				
Particle Planner Co., Ltd.	-	-	-	1,667,524.80
Vanachai Chemical Industries Co., Ltd.	-	-	-	20,586.80
Vanachai Panel Industries Co., Ltd.	-	-	-	29,365.18
Woodtek International Co., Ltd.	-	-	22,871.26	42,433.03
Firstwood Co., Ltd.	851.99	876.33	851.99	876.33
Vanachai Veneer and Plywood Co., Ltd.	-	11,749.56	-	-
Woodland Co., Ltd.	49,080.00	-	-	-
Total	49,931.99	12,625.89	23,723.25	1,760,786.14
- Accrued Income				
Mae Yai Co., Ltd.	223,510.63	-	-	-
Vanachai Veneer and Plywood Co., Ltd.	275,760.30	-	-	-
Woodland Co., Ltd.	241,195.93	-	-	-
Total	740,466.86	-	-	-
Total trade and other receivable	48,852,426.14	64,725,244.70	46,928,374.34	65,345,372.43
<u>Short-term loans to related parties</u>				
- Vanachai Panel Industries Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	550,000,000.00	-
Repayment	-	-	(550,000,000.00)	-
Ending balance	-	-	-	-

As at December 31, 2013, the Company loans to subsidiary company is in promissory note form at call and interest is carried by the rate of 3.25% per year. During in the period had already repaid the loan in full

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Trade and other payable				
- Trade payable				
Particle Planner Co., Ltd.	-	-	87,099,730.20	103,389,446.57
Vanachai Chemical Industries Co., Ltd.	-	-	508,622,349.75	300,759,998.88
Vanachai Panel Industries Co., Ltd.	-	-	10,329,592.75	253,162.00
Mae Yai Co., Ltd.	322,566.48	236,159.70	322,566.48	-
Vanachai Veneer and Plywood Co., Ltd.	3,991,929.25	2,994,482.74	3,991,929.25	168,644.84
Woodland Co., Ltd.	-	45,067.33	-	-
Rich Forest Co., Ltd.	5,886,429.52	3,946,195.31	5,886,429.52	3,946,195.31
Total	10,200,925.25	7,221,905.08	616,252,597.95	408,517,447.60
- Other payable				
Particle Planner Co., Ltd.	-	-	123,547,969.53	70,798,416.20
Vanachai Panel Industries Co., Ltd.	-	-	711,430.16	564,018.40
Woodtek International Co., Ltd.	-	-	1,904,138.87	2,495,609.77
Doctorwood Co., Ltd.	4,079,749.50	3,875,058.50	-	-
Firstwood Co., Ltd.	4,926.82	37,100.75	4,926.82	26,330.05
Vanachai Veneer and Plywood Co., Ltd.	150,088.90	199,234.00	-	32,100.00
Woodland Co., Ltd.	1,264,914.41	28,770.16	1,264,914.41	28,770.16
Total	5,499,679.63	4,140,163.41	127,433,379.79	73,945,244.58
- Accrued expenses				
Particle Planner Co., Ltd.	-	-	17,552,054.87	12,034,931.55
Vanachai Panel Industries Co., Ltd.	-	-	32,054.79	-
Firstwood Co., Ltd.	6,829.50	-	-	-
Total	6,829.50	-	17,584,109.66	12,034,931.55
Total trade and other payable	15,707,434.38	11,362,068.49	761,270,087.40	494,497,623.73

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
<u>Short-term loans from related parties</u>				
- Particle Planner Co., Ltd.				
Beginning balance	-	-	180,000,000.00	180,000,000.00
Addition	-	-	-	-
Repayment	-	-	-	-
Ending balance	-	-	180,000,000.00	180,000,000.00
- Vanachai Panel Industries Co., Ltd.				
Beginning balance	-	-	-	150,000,000.00
Addition	-	-	40,000,000.00	-
Repayment	-	-	-	(150,000,000.00)
Ending balance	-	-	40,000,000.00	-
Total short-term loan from related parties	-	-	220,000,000.00	180,000,000.00

As at December 31, 2013 and 2012, the Company loans from subsidiary company is in promissory note form at call and interest is carried by the rate of 3.25% and 2.50% per annum respectively.

6.2 Inter-revenues and expenses

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
<u>Sales of goods</u>				
Particle Planner Co., Ltd.	-	-	1,105,148.00	33,965,193.56
Vanachai Chemical Industries Co., Ltd	-	-	383,560.00	191,190.00
Vanachai Panel Industries Co., Ltd.	-	-	176,368.00	-
Mae Yai Co., Ltd.	101,328,952.26	134,657,141.38	95,248,409.50	121,509,827.00
Vanachai Veneer and Plywood Co., Ltd.	4,862,342.93	8,525,116.63	1,586,640.00	93,288.00
Firstwood Co., Ltd.	-	408,665.00	-	-
Woodland Co., Ltd.	85,653,856.80	149,076,634.00	77,940,032.00	139,372,666.00
Total	191,845,151.99	292,667,557.01	176,440,157.50	295,132,164.56

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
<u>Other incomes</u>				
Particle Planner Co., Ltd	-	-	10,674,261.15	-
Vanachai Panel Industries Co., Ltd.	-	-	3,196.80	21,504.60
Woodtek International Co., Ltd.	-	-	250,657.75	101,503.75
Mae Yai Co., Ltd.	30,145.50	-	-	-
Firstwood Co., Ltd.	2,696,110.11	2,040,279.62	2,696,110.11	2,040,279.62
Sunant Timber Co., Ltd.	-	483,328.96	-	-
Total	2,726,255.61	2,523,608.58	13,624,225.81	2,163,287.97
<u>Interest income</u>				
Vanachai Panel Industries Co., Ltd.	-	-	9,187,602.73	-
<u>Purchase of goods</u>				
Particle Planner Co., Ltd.	-	-	167,533,108.73	256,680,294.90
Vanachai Chemical Industries Co., Ltd.	-	-	796,293,203.51	848,354,011.62
Vanachai Panel Industries Co., Ltd.	-	-	32,481,277.00	19,228,935.00
Mae Yai Co., Ltd.	1,734,021.00	840,496.00	665,417.00	-
Vanachai Veneer and Plywood Co., Ltd.	14,110,263.00	10,488,769.50	7,928,225.00	1,439,500.00
Woodland Co., Ltd.	-	347,994.00	-	-
Rich Forest Co., Ltd.	46,343,679.00	76,866,932.00	46,343,679.00	76,866,932.00
Total	62,187,963.00	88,544,191.50	1,051,244,910.24	1,202,569,673.52
<u>Other expenses</u>				
Particle Planner Co., Ltd.	-	-	3,602,520.77	5,761,285.29
Vanachai Chemical Industries Co., Ltd.	-	-	2,980,634.30	2,939,619.69
Vanachai Panel Industries Co., Ltd.	-	-	-	740,430.00
Woodtek International Co., Ltd.	-	-	20,244,060.82	33,391,903.97
Mae Yai Co., Ltd.	6,002.70	-	6,002.70	-
Doctorwood Co., Ltd.	33,918,250.00	32,677,918.00	-	-
Firstwood Co., Ltd.	21,861,863.67	16,643,537.42	13,818,812.28	10,258,801.49
Vanachai Veneer and Plywood Co., Ltd.	175,015.06	749,585.00	27,245.00	279,226.25
Woodland Co., Ltd.	6,970,118.84	558,959.00	6,970,118.84	558,959.00
Three Brother Body of Persons	-	1,920,000.00	-	-
Total	62,931,250.27	52,549,999.42	47,649,394.71	53,930,225.69

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
<u>Interest expenses</u>				
Particle Planner Co., Ltd.	-	-	5,517,123.32	4,512,328.78
Vanachai Panel Industries Co., Ltd.	-	-	32,054.79	1,190,958.89
Total	-	-	5,549,178.11	5,703,287.67

6.3 Management benefit expenses

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Short-term employee benefits	67,975,879.00	70,254,951.73	19,637,280.00	20,088,952.50
Post-employment benefits	2,047,773.98	1,998,080.02	311,414.00	337,359.00
Total	70,023,652.98	72,253,031.75	19,948,694.00	20,426,311.50

6.4 Commitments with related parties

As at December 31, 2013 and 2012, the Company performed leased contract of office building in one contract with related company for the period of 1 year with option to renew. The Company constitutes obligation commitment that has to repay leased fee by Baht 1.12 million per month for both years.

As at December 31, 2013 and 2012, two subsidiaries have performed leased contract of land, warehouse and office building in three contract with 3 related companies for the period of 1 year with option to renew. Such subsidiaries constitutes obligation commitment that has to repay leased fee by Baht 2.22 million per month for both years.

6.5 Pricing policies

Trading transaction	Pricing policy
Purchase-sale of goods	Cost+1% to 30%
Expenses charge	According to the actual cost
Service income and commission	0.6%-3.3% of sales
Rental	Agreed upon agreements
Purchase/sale of assets	Net book value
Interest income and expenses	2.50%-3.25% per annum

The Company and subsidiaries have inter-guarantee without guarantee charge.

6.6 Relationship

Name of companies	Nature of relationship
The Vanachai Group of Companies Co., Ltd.	Parent company
Paticle Planner Co., Ltd.	Common directors and direct shareholding
Vanachai Chemical Industries Co., Ltd.	Common directors and direct shareholding
Vanachai Panel Industries Co., Ltd.	Common directors and direct shareholding
Woodtek International Co., Ltd.	Common directors and direct shareholding
Mae Yai Co., Ltd.	Common directors
Doctorwood Co., Ltd.	Common directors
Firstwood Co., Ltd.	Common directors
Vanachai Veneer and Plywood Co., Ltd.	Common directors
Woodland Co., Ltd.	Common directors
Vanachai Intertrading Group Co., Ltd.	Common directors
Rich Forest Co., Ltd.	Common directors
Sunant Timber Co.,Ltd	Common directors
Vanachai Plywood Co.,Ltd.	Common directors
Three Brother Body of Persons	Common directors

7. Trade and other receivable

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Trade receivable-related parties	48,062,027.29	64,712,618.81	46,904,651.09	63,584,586.29
Trade receivable-other parties	910,337,877.04	997,275,713.25	434,681,256.07	369,514,425.03
Post dated cheques-other parties	69,158,185.55	108,089,137.90	52,654,548.33	86,375,202.46
Returned cheques receivable	8,487,048.95	21,873,972.21	8,450,487.58	8,486,023.14
Total trade receivable	1,036,045,138.83	1,191,951,442.17	542,690,943.07	527,960,236.92
Less Allowance for doubtful debts	(30,235,875.03)	(32,802,407.81)	(11,411,758.51)	(11,484,902.06)
Total Trade receivable-net	1,005,809,263.80	1,159,149,034.36	531,279,184.56	516,475,334.86
Other receivable-related parties	49,931.99	12,625.89	23,723.25	1,760,786.14
Other receivable-other parties	13,904,694.21	11,146,033.09	6,395,521.10	6,404,027.81

Accrued income-related parties	740,466.86	-	-	-
Prepaid expenses	13,367,564.70	18,409,599.11	12,467,486.37	12,159,312.91
Deposits	5,188,633.57	7,244,142.04	5,188,633.57	6,835,142.04
Other	15,902,276.19	15,919,912.57	5,257,851.67	8,551,071.40
Total other receivable	49,153,567.52	52,732,312.70	29,333,215.96	35,710,340.30
Total trade and other receivable	1,054,962,831.32	1,211,881,347.06	560,612,400.52	552,185,675.16

Outstanding trade receivable can be aged as follows:-

7.1 Trade receivable-related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Local trade receivable				
Within credit term	47,319,195.84	64,181,556.41	46,161,819.64	63,053,523.89
Overdue 1-90 days	742,831.45	531,062.40	742,831.45	531,062.40
Overdue over 90 days	-	-	-	-
Total	48,062,027.29	64,712,618.81	46,904,651.09	63,584,586.29

The normal credit term granted by the Group Companies is 90 days.

7.2 Trade receivable-other parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Within credit term	492,368,815.14	706,425,666.12	289,868,595.94	281,241,456.19
Overdue 1-90 days	435,789,096.98	359,888,031.00	191,222,237.95	163,900,834.41
Overdue 91-180 days	28,839,418.46	28,563,620.39	2,932,298.20	7,726,544.90
Overdue 181-270 days	337,039.29	459,406.84	202,190.41	21,913.07
Overdue over 270 days	30,648,741.67	31,902,099.01	11,560,969.48	11,484,902.06
Total	987,983,111.54	1,127,238,823.36	495,786,291.98	464,375,650.63
Less Allowance for doubtful debts	(30,235,875.03)	(32,802,407.81)	(11,411,758.51)	(11,484,902.06)
Net	957,747,236.51	1,094,436,415.55	484,374,533.47	452,890,748.57

The normal credit term granted by the Group Companies is approximately from 60 days to 90 days.

The movement of allowance for doubtful debts-trade receivable-other parties for the year ended December 31, 2013 was as follow: -

(Unit : Baht)

	Consolidated financial statement	Separate financial statement
Beginning balance	(32,802,407.81)	(11,484,902.06)
Written-off bad debts during the year	680,089.84	668,319.84
Addition during the year	(2,008,555.34)	(1,992,903.84)
Collect during the year	3,894,998.28	1,397,727.55
Ending balance	(30,235,875.03)	(11,411,758.51)

The management of the Group Company believe that the setting up of the allowance for doubtful debts have been sufficiently recorded for the present situation.

8. Inventories

Consisted of:-

(Unit : Baht)

	Consolidated financial statements					
	As at December 31,2013			As at December 31,2012		
	Cost	Allowance for diminution in value of inventory	Net	Cost	Allowance for diminution in value of inventory	Net
Finished goods	486,213,239.14	(18,276,146.36)	467,937,092.78	1,131,109,783.73	(28,484,803.51)	1,102,624,980.22
Work in process	179,285,368.55	-	179,285,368.55	162,790,445.13	-	162,790,445.13
Raw materials	337,042,086.24	-	337,042,086.24	286,283,753.13	-	286,283,753.13
Supplies	112,090,341.75	-	112,090,341.75	162,527,073.71	-	162,527,073.71
Goods in transit	69,194,427.87	-	69,194,427.87	81,359,997.41	-	81,359,997.41
Total	1,183,825,463.55	(18,276,146.36)	1,165,549,317.19	1,824,071,053.11	(28,484,803.51)	1,795,586,249.60

(Unit : Baht)

	Separate financial statements					
	As at December 31,2013			As at December 31,2013		
	Cost	Allowance for diminution in value of inventory	Net	Cost	Allowance for diminution in value of inventory	Net
Finished goods	247,768,545.71	(9,912,467.48)	237,856,078.23	312,947,918.89	(6,516,908.12)	306,431,010.77
Work in process	126,988,052.34	-	126,988,052.34	87,828,943.87	-	87,828,943.87
Raw materials	56,362,670.26	-	56,362,670.26	75,212,951.27	-	75,212,951.27
Supplies	18,937,604.40	-	18,937,604.40	18,280,832.18	-	18,280,832.18
Total	450,056,872.71	(9,912,467.48)	440,144,405.23	494,270,646.21	(6,516,908.12)	487,753,738.09

Movement for allowance for decline in value of inventories for the year ended December 31, 2013 was as follows:-

(Unit : Baht).

	Consolidated financial statement	Separate financial statement
Beginning balance	(28,484,803.51)	(6,516,908.12)
Addition (reversal) during the year	10,208,657.15	(3,395,559.36)
Ending balance	(18,276,146.36)	(9,912,467.48)

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Cost of inventory record as expense and include in the cost of goods sold				
- Cost of goods sold	7,250,987,617.84	7,893,372,226.57	2,826,142,471.12	3,246,622,364.29
- Written down value to net realizable value (reversal)	(10,208,657.15)	25,461,934.43	3,395,559.36	6,009,669.70
Net	7,240,778,960.69	7,918,834,161.00	2,829,538,030.48	3,252,632,033.99

9. Investments in subsidiary companies

Consisted of:-

(Unit : Baht)

Separate financial statements						
Name of companies	Paid-up share capital	Percentage of Shareholding (%)	Investment cost method		Dividend	
			As at December 31,		For the year ended December 31,	
			2013	2012	2013	2012
Vanachai Panel Industries Co., Ltd.	4,300,000,000.00	99.99	4,299,999,930.00	4,299,999,930.00	-	189,199,996.92
Particle Planner Co., Ltd.	250,000,000.00	99.99	249,999,300.00	249,999,300.00	17,499,951.00	33,749,905.50
Vanachai Chemical Industries Co., Ltd.	150,000,000.00	99.99	149,999,930.00	149,999,930.00	53,999,974.80	47,999,977.60
Woodtek International Co., Ltd.	2,000,000.00	99.97	1,999,300.00	1,999,300.00	7,197,480.00	8,996,850.00
Total			4,701,998,460.00	4,701,998,460.00	78,697,405.80	279,946,730.02

10. Property, plant and equipment

(Unit : Baht)

Consolidated financial statements							
Land and land improvements	Building Improvements factory building and construction	Machines and equipment	Vehicles	Tools	Furniture and office equipment	Construction in progress	Total
508,786,935.04	1,860,532,446.72	15,557,439,045.97	283,771,785.36	243,392,600.93	93,905,005.71	660,201,364.55	19,208,029,184.28
3,082,540.48	-	152,733,351.86	25,803,442.15	20,303,351.90	9,997,430.18	529,082,317.28	741,002,433.85
-	-	-	-	-	-	32,737,302.78	32,737,302.78
-	41,198,214.66	35,890,237.47	1,976,088.88	5,233,584.85	180,288.18	-	84,478,414.04
-	-	(56,817,141.63)	-	(2,943,550.70)	(299,062.51)	(84,369,283.29)	(144,429,038.13)
-	-	(1,387,909.00)	(26,152,581.33)	(6,468.22)	(430,000.00)	-	(27,976,958.55)
511,869,475.52	1,901,730,661.38	15,687,857,584.67	285,398,735.06	265,979,518.76	103,353,661.56	1,137,651,701.32	19,893,841,338.27
2,294,496.30	974,355.26	50,798,332.52	10,153,993.00	14,609,197.83	2,029,606.04	229,094,652.97	309,954,633.92
-	-	-	-	-	-	30,753,066.38	30,753,066.38
302,940.00	327,186,074.83	943,292,525.04	9,618,620.50	2,839,984.76	391,755.71	6,380,754.19	1,290,012,655.03
-	-	(20,995,838.88)	(3,376,195.90)	(167,806.63)	(104,540.65)	(1,265,368,272.97)	(1,290,012,655.03)
-	(1,215,000.00)	(21,613,092.56)	(9,410,791.00)	(515,914.13)	(448,715.47)	-	(33,203,513.16)
514,466,911.82	2,228,676,091.47	16,639,339,510.79	292,384,361.66	282,744,980.59	105,221,767.19	138,511,901.89	20,201,345,525.41

Consolidated financial statements							
Land and land improvements	Building Improvements factory building and construction	Machines and equipment	Vehicles	Tools	Furniture and office equipment	Construction in progress	Total
-	(765,508,676.69)	(7,650,057,761.36)	(196,535,450.53)	(199,923,156.08)	(84,325,659.33)	-	(8,896,350,703.99)
-	(50,126,554.64)	(695,471,193.13)	(21,126,245.10)	(16,758,915.14)	(4,559,853.79)	-	(788,042,761.80)
-	-	-	(1,101,868.16)	-	-	-	(1,101,868.16)
-	-	30,287,424.59	-	2,828,661.86	290,204.61	-	33,406,291.06
-	-	134,847.53	25,641,524.19	5,503.38	429,997.00	-	26,211,872.10
-	(815,635,231.33)	(8,315,106,682.37)	(193,122,039.60)	(213,847,905.98)	(88,165,311.51)	-	(9,625,877,170.79)
-	(56,513,820.72)	(729,351,329.23)	(24,766,083.50)	(18,188,842.07)	(5,595,758.12)	-	(834,415,833.64)
-	1,014,596.70	13,491,551.10	8,606,031.62	515,889.11	367,626.60	-	23,995,695.13
-	(871,134,455.35)	(9,030,966,460.50)	(209,282,091.48)	(231,520,858.94)	(93,393,443.03)	-	(10,436,297,309.30)
511,869,475.52	1,086,095,430.05	7,372,750,902.30	92,276,695.46	52,131,612.78	15,188,350.05	1,137,651,701.32	10,267,964,167.48
514,466,911.82	1,357,541,636.12	7,608,373,050.29	83,102,270.18	51,224,121.65	11,828,324.16	138,511,901.89	9,765,048,216.11
ment of comprehensive							
December 31, 2012							788,042,761.80
December 31, 2013							834,415,833.64

(Unit : Baht)

[illegible]

For the years ended December 31, 2013 and 2012 the borrowing cost is included as part of cost of construction in progress in the amount of Baht 30.75 million and Baht 32.74 million respectively in the consolidated and separate financial statements by calculating from the interest rate of specific loan utilized for the investment in the said assets.

As at December 31, 2013 and 2012, buildings and equipment as in the consolidated financial statements at cost values of Baht 2,970.22 million and Baht 2,691.01 million respectively and in the separate financial statements of Baht 1,618.34 million and Baht 1,606.99 million respectively, were fully depreciated but still in use.

As at December 31, 2013 and 2012, the Group Companies has pledged the part of land, property and machinery with the book value stated in the consolidated financial statements of Baht 8,027.78 million and Baht 7,654.93 million respectively and in the separate financial statements of Baht 2,308.03 million and Baht 1,453.39 million respectively, to guarantee against credit facility of the Company that receives from commercial banks and financial institutions according to the note to financial statement No. 13 and 15. Furthermore, part of land as at December 31, 2013 and 2012 in the same amount of Baht 14.91 million was the Company's land which acquired from a subsidiary at book value and registered such land for the permission enforcement upon the pathway and other public utilities for other pieces of land belonging to the said subsidiary whom sold that piece of land.

As at December 31, 2013 and 2012, a part of the land that the Group Companies had plans to use them objectively in future for business expansion in amount of Baht 175.11 million for both periods.

As at December 31, 2013 and 2012, the subsidiary has electric system and fixtures on building's lease of its subsidiary with net book value of Baht 0.39 million and Baht 0.58 million respectively at the end of the lease of such assets become property of the lesser.

11. Intangible assets

(Unit : Baht)

	Consolidated financial statements			
	Software	Developing program	License	Total
Cost:				
As at January 1, 2012	941,750.00	-	16,553,150.80	17,494,900.80
Purchase	236,250.00	-	-	236,250.00
As at December 31, 2012	1,178,000.00	-	16,553,150.80	17,731,150.80
Purchase	342,000.00	1,715,052.55	-	2,057,052.55
As at December 31, 2013	1,520,000.00	1,715,052.55	16,553,150.80	19,788,203.35

(Unit : Baht)

	Consolidated financial statements			
	Software	Developing program	License	Total
Amortized :				
As at January 1, 2012	(866,099.23)	-	(11,794,407.83)	(12,660,507.06)
Amortized for the year	(50,579.16)	-	(1,013,671.83)	(1,064,250.99)
As at December 31, 2012	(916,678.39)	-	(12,808,079.66)	(13,724,758.05)
Amortized for the year	(222,261.08)	-	(1,013,670.05)	(1,235,931.13)
As at December 31, 2013	(1,138,939.47)	-	(13,821,749.71)	(14,960,689.18)
Book value :				
As at December 31, 2012	261,321.61	-	3,745,071.14	4,006,392.75
As at December 31, 2013	381,060.53	1,715,052.55	2,731,401.09	4,827,514.17
The amortized in the statement of comprehensive income				
For the year ended December 31, 2012				1,064,250.99
For the year ended December 31, 2013				1,235,931.13

(Unit : Baht)

	Separate financial statements			
	Software	Developing program	License	Total
Cost:				
As at January 1, 2012	941,750.00	-	3,713,750.00	4,655,500.00
Purchase	236,250.00	-	-	236,250.00
As at December 31, 2012	1,178,000.00	-	3,713,750.00	4,891,750.00
Purchase	342,000.00	522,487.51	-	864,487.51
As at December 31, 2013	1,520,000.00	522,487.51	3,713,750.00	5,756,237.51
Amortized :				
As at January 1, 2012	(866,099.23)	-	(2,168,219.52)	(3,034,318.75)
Amortized for the year	(50,579.16)	-	(371,375.00)	(421,954.16)
As at December 31, 2012	(916,678.39)	-	(2,539,594.52)	(3,456,272.91)
Amortized for the year	(222,261.08)	-	(371,375.00)	(593,636.08)
As at December 31, 2013	(1,138,939.47)	-	(2,910,969.52)	(4,049,908.99)

(Unit : Baht)

	Consolidated financial statements			
	Software	Developing program	License	Total
Book value :				
As at December 31, 2012	261,321.61	-	1,174,155.48	1,435,477.09
As at December 31, 2013	381,060.53	522,487.51	802,780.48	1,706,328.52
The amortized in the statement of comprehensive income				
For the year ended December 31, 2012				421,954.16
For the year ended December 31, 2013				593,636.08

12. Deferred tax assets

Deferred tax assets and liabilities as at December 31, 2013 and 2012 were as follows:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Deferred tax assets	125,658,381.84	68,510,347.94	64,575,770.11	18,608,357.58
Deferred tax liabilities	-	-	-	-
Net	125,658,381.84	68,510,347.94	64,575,770.11	18,608,357.58

Movements in total deferred tax assets for the years ended December 31, 2013 and 2012 were as follows:-

(Unit : Baht)

	Consolidated financial statement				Separate financial statement			
	As at January 1, 2013	(Charged)/credited to profit or loss (Note 21)	(Charged)/credited to other comprehensive income (Note 21)	As at December 31, 2013	As at January 1, 2013	(Charged)/credited to profit or loss (Note 21)	(Charged)/credited to other comprehensive income (Note 21)	As at December 31, 2013
Deferred tax assets								
Trade receivable	5,720,755.76	(780,158.59)	-	4,940,597.17	2,641,527.47	(225,511.80)	-	2,416,015.67
Inventories	1,603,279.00	(540,827.80)	-	1,062,451.20	1,498,888.87	(515,239.43)	-	983,649.44
Employee benefit obligations	20,635,204.45	(1,278,090.33)	4,781,781.80	24,138,895.92	12,500,999.21	(757,680.61)	2,432,786.40	14,176,105.00
Loss carry forward	40,551,108.73	54,965,328.82	-	95,516,437.55	1,966,942.03	45,033,057.97	-	47,000,000.00
Total	68,510,347.94	52,366,252.10	4,781,781.80	125,658,381.84	18,608,357.58	43,534,626.13	2,432,786.40	64,575,770.11

(Unit : Baht)

	Consolidated financial statement			Separate financial statement		
	As at January 1, 2012	(Charged)/ credited to profit or loss (Note 21)	As at December 31, 2012	As at January 1, 2012	(Charged)/ credited to profit or loss (Note 21)	As at December 31, 2012
Deferred tax assets						
Trade receivable	7,666,176.61	(1,945,420.85)	5,720,755.76	3,408,647.30	(767,119.83)	2,641,527.47
Inventories	-	1,603,279.00	1,603,279.00	-	1,498,888.87	1,498,888.87
Employee benefit obligations	24,450,976.41	(3,815,771.96)	20,635,204.45	14,961,750.15	(2,460,750.94)	12,500,999.21
Loss carry forward	42,594,102.83	(2,042,994.10)	40,551,108.73	-	1,966,942.03	1,966,942.03
Total	74,711,255.85	(6,200,907.91)	68,510,347.94	18,370,397.45	237,960.13	18,608,357.58

As at December 31, 2013 and 2012, the Group Companies had temporary differences mainly arising from the unutilized tax losses carry forward totaling Baht 208.47 million and Baht 142.49 million respectively which have not been recognized as deferred tax assets in the statement of financial position (because it is not probable that it will be able to utilize the tax benefit in the foreseeable future).

13. Overdrafts and short-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Bank overdrafts	472,540.36	81,450.32	-	-
Trust receipt	1,121,305,912.26	517,901,156.25	-	-
Promissory note	555,000,000.00	1,574,000,000.00	505,000,000.00	525,000,000.00
Total	1,676,778,452.62	2,091,982,606.57	505,000,000.00	525,000,000.00

As at December 31, 2013 and 2012, the Group Companies held bank overdraft, trust receipt, letters of credit and promissory note facilities from several financial institutions as mentioned in the notes to financial statements No. 25.1 which bearing the interest rates at 2.27%-7.38% per annum and 2.10%-7.38% per annum respectively.

Such credit facility line is pledged by mortgaged register of land, property and machinery as mentioned in the notes to financial statements No. 10. Furthermore, the benefit from the insurance of those assets was forfeited to the lenders and claimant right of fixed deposit of a subsidiary was transferred likewise in the amount of Baht 0.52 million (stated at other non-current assets item). Also the Company and its subsidiaries jointly

gave guarantees and the Company has to maintain the shareholding proportion for 99.99% in a subsidiary until all loan obligations have been completely repaid. In addition, a subsidiary has to comply with conditions stipulated in the loan agreements as mentioned in the notes to financial statements No. 15.

14. Trade and other payable

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Trade payable-related parties	10,200,925.25	7,221,905.08	616,252,597.95	408,517,447.60
Trade payable-other parties	423,342,862.10	381,906,046.65	72,010,763.02	56,180,861.89
Other payable-related parties	5,499,679.63	4,140,163.41	127,433,379.79	73,945,244.58
Other payable-other parties	210,129,410.49	285,066,538.65	71,094,379.04	107,398,338.34
Accrued expenses-related parties	6,829.50	-	17,584,109.66	12,034,931.55
Accrued expenses-other parties	172,383,243.82	148,824,868.87	63,634,132.76	62,045,800.86
Others	4,093,934.77	10,526,740.06	2,413,969.33	2,225,593.99
Total	825,656,885.56	837,686,262.72	970,423,331.55	722,348,218.81

15. Long-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Long-term loan (Credit line of Baht 2,700 million)	405,000,000.00	945,000,000.00	405,000,000.00	945,000,000.00
Long-term loan (Credit line of Baht 1,235 million)	247,000,000.00	494,000,000.00	247,000,000.00	494,000,000.00
Long-term loan (Credit line of Baht 284 million)	227,200,000.00	284,000,000.00	227,200,000.00	284,000,000.00
Long-term loan (Credit line of Baht 1,150 million)	1,035,000,000.00	1,150,000,000.00	1,035,000,000.00	1,150,000,000.00
Long-term loan (Credit line of Baht 1,000 million)	950,000,000.00	1,000,000,000.00	950,000,000.00	1,000,000,000.00
Long-term loan (Credit line of Baht 1,450 million)	260,000,000.00	540,000,000.00	-	-
Long-term loan (Credit line of Baht 2,500 million)	-	250,000,000.00	-	-
Long-term loan (Credit line of Baht 1,200 million)	1,080,000,000.00	-	1,080,000,000.00	-
Total	4,204,200,000.00	4,663,000,000.00	3,944,200,000.00	3,873,000,000.00
<u>Less</u> Current portion	(1,638,800,000.00)	(1,538,800,000.00)	(1,378,800,000.00)	(1,008,800,000.00)
Net	2,565,400,000.00	3,124,200,000.00	2,565,400,000.00	2,864,200,000.00

Movement for the year ended December 31, 2013 was as follows:-

(Unit : Baht)

	Consolidated financial statement	Separate financial statement
Book value at the beginning of the year	4,663,000,000.00	3,873,000,000.00
Proceed during the year	1,200,000,000.00	1,200,000,000.00
Repaid during the year	(1,658,800,000.00)	(1,128,800,000.00)
Book value at the end of the year	4,204,200,000.00	3,944,200,000.00

Long-term loans from financial institutions-minimum payments:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Within 1 year	1,638,800,000.00	1,538,800,000.00	1,378,800,000.00	1,008,800,000.00
Within 2 years-5 years	2,565,400,000.00	2,859,200,000.00	2,565,400,000.00	2,599,200,000.00
Over 5 years	-	265,000,000.00	-	265,000,000.00
Total	4,204,200,000.00	4,663,000,000.00	3,944,200,000.00	3,873,000,000.00

Long-term loans of the Group Companies are bearing the floating interest rate as at December 31, 2013 and 2012, the interest rates are 3.22%-5.25% and 3.16%-5.75% per annum respectively. The interest is payable monthly after the first withdrawal date of the loan. The significant detail of long-term loans credit facilities are as follows:-

Credit facility		Repayment of principal
(Unit : Million Baht)		
1.	2,700.00	The first installment of principal must be made on December 21, 2009, which is the 27 th month period from the date of initial drawdown (September 21, 2007) and the following installments to be repaid quarterly for 20 installments at Baht 135.00 million per installment. The repayment for the principal must be completed within 84 months from the date of the first withdrawal.
2.	1,235.00	The first installment of principal must be made on March 31, 2010, and the following installments to be repaid quarterly Baht 61.75 million per installment. The repayment for the principal must be completed within February 28, 2015.
3.	284.00	The first installment of principal must be made on March 31, 2013, and the following installments to be repaid quarterly Baht 14.20 million per installment. The repayment for the principal must be completed within 88 months from the date of the first withdrawal (February 25, 2011).

Credit facility (Unit : Million Baht)		Repayment of principal
4.	1,150.00	The first installment of principal must be made on the end of 27 th month period from the date of the initial drawdown (June 21, 2011), and the following installments to be repaid quarterly Baht 57.50 million per installment. The repayment for the principal must be completed within 84 months from the date of the first withdrawal.
5.	1,000.00	The first installment of principal must be made on the lower of the end of 27 th month period from the date of the initial drawdown (April 18, 2012) or the date of December 31, 2013, and the following installments to be repaid quarterly Baht 50.00 million per installment. The repayment for the principal must be completed within 84 months from the date of the first withdrawal.
6.	1,450.00	The first installment of the principal must be made on November 24, 2009, which is the 25 th month period from the date of the initial drawdown (October 24, 2007) and the following installments to be repaid quarterly for 21 installments, for the 1 st -20 th installments at Baht 70.00 million per installment, and the final installment at Baht 50.00 million.
7.	2,500.00	Principal is repayable quarterly commencing from July 2007 to April 2013, for 24 installments, for the 1 st -4 th installments at Baht 50.00 million, 5 th -8 th installments at Baht 75.00 million and 9 th -24 th installments at Baht 125.00 million per installment. (In 2013, the subsidiary company had already repaid the said loan in full)
8.	1,200.00	Principal is repayable quarterly commencing from September 2013 to June 2018, for 20 installments, installments at Baht 60.00 million per installment.

Collateral

- The land with construction, machinery and construction in progress of the Group Companies with the book value as mentioned in the notes to financial statements No. 10 have been pledged as collateral against credit facilities received at the full credit limit. The Group Companies forfeit all of the benefits from the insurance and claimant right of the pledged machinery and construction to the lender.
- The Company has guaranteed for credit facilities of a subsidiary in amount of Baht 1,450.00 million.

Other material compliance with contract

- The Company and its subsidiary have to maintain debt to equity ratio not more than 1.5-2.5 to 1 and not less than zero for the subsidiary.
- The Company has to maintain the shareholding proportion for 95.00%-99.99% in a subsidiary until all loans have been repaid.
- The Company has to pay the fee for prepayment of some loans at 3% of the prepayment made, except the prepayment of the loan incurred from the single-side service offered by lender.

- The subsidiary and/or the Company must not default the repayment of the debt and/or any inter-liability and/or financial institution lenders except when the debt and/or liability has the total outstanding amount not exceeding Baht 5.00 million.
- For the credit line No. 6 the subsidiary and/or another company in the Group Companies have to offer the first priority right to the commercial bank for issuing the debenture to prepayment this loan of Baht 1,450.00 million, and also the financial derivative transactions for this credit facility. The subsidiary could pay dividend not exceeding 70% of profit for the year.

16. Employee benefit obligations

As at December 31, 2013 and 2012, the Group Companies has the employee benefit obligation in case of retirement or hiring cancellation under the labor law. The Group Companies hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost.

Movement in the employee benefit obligations for the years ended December 31, 2013 and 2012 were as follows :-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Employee benefit obligations as at January 1,	117,593,679.44	106,619,302.43	54,352,170.50	49,872,500.50
Current service cost	9,158,076.50	8,222,918.01	4,051,062.50	3,514,357.00
Interest cost	4,131,344.00	3,808,459.00	1,872,040.00	1,763,913.00
Benefit paid	(4,120,199.94)	(1,057,000.00)	(1,558,680.00)	(798,600.00)
Total	126,762,900.00	117,593,679.44	58,716,593.00	54,352,170.50
Actuarial losses arising from defined benefit plan	28,892,297.00	-	12,163,932.00	-
Employee benefit obligations as at December 31,	155,655,197.00	117,593,679.44	70,880,525.00	54,352,170.50

The changes in actuarial losses arising from defined benefit plan as recognized in the statement of other comprehensive income which are including in unappropriated retained earnings.

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2013	2012	2013	2012
Beginning balance	-	-	-	-
Recognized during the year	28,892,297.00	-	12,163,932.00	-
Ending balance	28,892,297.00	-	12,163,932.00	-

Expenses recognized in statements of comprehensive income are shown collectively for period as follows:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2556	2555	2556	2555
<u>Recognized in profit or loss :</u>				
Cost of sales	9,072,967.52	7,988,227.99	3,974,488.50	3,428,322.00
Administrative expenses	2,168,679.00	2,045,069.00	1,637,200.00	1,512,589.00
Management benefit expense	2,047,773.98	1,998,080.02	311,414.00	337,359.00
Total	13,289,420.50	12,031,377.01	5,923,102.50	5,278,270.00
<u>Recognized in other comprehensive income :</u>				
Actuarial losses arising from defined benefit plan	28,892,297.00	-	12,163,932.00	-

Principal actuarial assumptions as at December 31, 2013 and 2012 are as follows:-

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Discount rate at the end of the period	4.3%	4.1%	4.3%	4.1%
Future salary increase	6.5%	6.5%	6.5%	6.5%
Proportion of employee opting for early retirement	0%-30%	0%-30%	0%-30%	0%-30%

17. Share capital

The movement of share capital for the year ended on December 31, 2013 is as follows:-

	Number of share (Unit : share)	Amount (Unit : Baht)
Registered share capital (Baht 1.00 per share)		
As at January 1, 2013	1,425,839,127	1,425,839,127.00
Increment of capital	-	-
As at December 31, 2013	1,425,839,127	1,425,839,127.00
Issued and paid-up share capital (Baht 1.00 per share)		
As at January 1, 2013	1,305,839,127	1,305,839,127.00
Increment of capital	-	-
As at December 31, 2013	1,305,839,127	1,305,839,127.00

In accordance with the minute of the annual general shareholders' meeting for the year 2004 held on April 20, 2004, the Company allocate 120 million ordinary shares as reserve for the convertible debentures which are issued and offer for sale to the general public.

Capital management

The primary objective of the Company and subsidiaries' capital management is to maintain its ability to continue as a going concern and to maintain an appropriate capital structure and to maintain ratio of debt to equity to not exceeding the compliance with the loan agreements.

As at December 31, 2013 and 2012, in the consolidated financial statements, debt to equity ratio is 1.18 : 1.00 and 1.22 : 1.00 respectively and the separate financial statements, debt to equity ratio is 1.87 : 1.00 and 1.57 : 1.00 respectively.

18. Legal reserve

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

19. Dividend paid

Dividend	Approved by	Dividend paid (Unit : Baht)	Dividend paid per share (Baht)	Date of dividend payment
Payment announced from the profit of the year 2012	the Annual 2013 General Meeting of shareholder's held on April 23, 2013	117,524,621.43	0.09	May 14, 2013
Payment announced from the profit of the year 2011	the Annual 2012 General Meeting of shareholder's held on April 24, 2012	195,875,869.05	0.15	May 16, 2012

20. Expenses by nature

The following expenditure items of expense have been classified by nature :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Change in finished goods and work in process	627,833,918.06	(21,815,328.34)	26,020,264.71	103,084,327.79
Raw material and supplied used	6,323,002,569.03	4,897,287,471.24	2,608,532,801.94	2,239,365,124.80
Management benefit expenses	70,023,652.98	72,253,031.75	19,948,694.00	20,426,311.50
Employee related expenses	755,082,790.72	690,844,620.50	308,577,445.15	300,174,375.89
Depreciation and amortization expenses	817,567,578.40	789,404,296.18	210,824,963.11	185,271,224.60
Loss for diminution of inventories (reversal)	(10,208,657.15)	25,461,934.43	3,395,559.36	6,009,669.70
Transportation expenses	589,122,408.69	610,462,460.26	81,423,471.14	97,770,924.95
Repair expenses	345,252,969.80	440,946,557.38	109,197,612.21	125,665,810.19

21. Income tax expenses (revenues)

Income tax recognized in profit and loss for the year ended December 31, 2013 and 2012 with the following details:-

Income tax is recognized in profit or loss:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Current tax expenses	1,949,080.86	20,596,025.63	-	-
Deferred tax expenses (Note 12)				
Movements in temporary differences	8,936,132.35	17,432,626.37	(45,961,803.21)	(4,524,386.21)
Income tax rate reduction	(61,302,384.45)	(11,231,718.46)	2,427,177.08	4,286,426.08
Income tax expenses (revenues)	(50,417,171.24)	26,796,933.54	(43,534,626.13)	(237,960.13)

Income tax is recognized in other comprehensive income:

(Unit : Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Actuarial losses arising from defined benefit plan	4,781,781.80	-	2,432,786.40	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2013 and 2012 as follows: -

(Unit : Baht)

	Separate financial statements			
	2013		Total	2012
Accounting profit before tax	(65,815,124.39)	(196,876,941.87)	(262,692,066.26)	260,198,428.42
Applicable tax rate	0%	20%		23%
Accounting profit (loss) before tax multiplied by applicable tax rate	-	(39,375,388.37)	(39,375,388.37)	59,845,638.54
Adjustment in respect of current income tax of previous year effects of changes in the applicable tax rates effects of:				
Dividend	-	(15,739,481.16)	(15,739,481.16)	(64,387,747.90)
Employee benefits	-	792,732.80	792,732.80	1,214,002.10
Loss brought forward	-	53,316,974.95	53,316,974.95	1,966,942.03
Others	-	1,005,161.78	1,005,161.78	1,361,165.23
Total	-	-	-	-
Effects of charges in the applicable tax rates effects of	-	2,427,177.08	2,427,177.08	4,286,426.08
Changes in temporary differences	-	(45,961,803.21)	(45,961,803.21)	(4,524,386.21)
Income tax expenses (revenues) reported in comprehensive income statement	-	(43,534,626.13)	(43,534,626.13)	(237,960.13)

Royal Decree No. 530 B.E. 2554 dated December 21, 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after January 1, 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after January 1, 2013 and 2014, respectively, deferred tax expected to reverse in the year, has been measured using the effective rate.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after January 1, 2015 and onwards in order to give full effect to the Cabinet resolution dated October 11, 2011 to increase Thailand's tax competitiveness.

22. Basic earnings (loss) per share

Basic earnings profit (loss) per share is calculated by dividing profit (loss) for the years attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid-up ordinary shares during the years.

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Profit (loss) for the years (Unit : Baht)	(190,819,874.65)	283,813,549.37	(219,157,440.13)	260,436,388.55
The number of issued and paid-up ordinary shares (Unit : Shares)	1,305,839,127	1,305,839,127	1,305,839,127	1,305,839,127
Earnings (loss) per share (Baht/share)	(0.15)	0.22	(0.17)	0.20

23. Supplement disclosures of cash flow information

23.1 Cash and cash equivalents

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Cash	4,243,432.82	3,559,185.70	2,913,224.03	2,378,896.42
Saving accounts	474,386,391.97	282,823,932.84	127,484,191.91	133,655,755.92
Current accounts	50,679,744.27	44,913,706.27	27,480,578.32	41,512,045.01
Total	529,309,569.06	331,296,824.81	157,877,994.26	177,546,697.35

23.2 Non-cash items

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2013	2012	2013	2012
Written-off doubtful accounts to bad debts	680,089.84	127,647.87	668,319.84	-
Purchase assets but not yet paid	6,158,923.20	47,506,138.59	3,383,003.12	42,498,059.81
Transferred property, plant and equipment to asset held for destruction	-	1,377,934.15	-	924,105.19
Actuarial losses arising from defined benefit plan	28,892,297.00	-	12,163,932.00	-
Accrued dividend	-	81,436.30	-	81,436.30

24. Segment information

The Company and its subsidiaries operates the main business with respect to production and distribution of wood plates, MDF boards and particle boards while classified according to sector as domestic sale and international sale. The data classified according to sector of the Group Companies for the years ended December 31, 2013 and 2012 constitutes as follows:-

(Unit: Million Baht)

	Consolidated financial statements									
	For the years ended December 31,									
	MDF board and door skin		Glue and paper		Others		Eliminated		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net sales-domestic	3,270.08	4,097.79	1,766.91	2,354.49	67.27	71.64	(2,021.06)	(2,720.47)	3,083.20	3,803.45
Net sales-export	5,397.59	5,963.19	-	-	-	-	-	-	5,397.59	5,963.19
Total	8,667.67	10,060.98	1,766.91	2,354.49	67.27	71.64	(2,021.06)	(2,720.47)	8,480.79	9,766.64
Profit (loss) from operation	65.64	419.43	40.69	149.13	7.19	10.78	(121.65)	(6.19)	(8.13)	573.15
Financial cost									(233.11)	(262.54)
Income tax (expenses) revenues									50.42	(26.80)
Comprehensive income for the year									(190.82)	283.81
Properly, plant and equipment									9,765.05	10,267.96
Depreciation									834.42	788.34
Total assets									13,090.99	14,089.75

25. Obligations and contingent liabilities

Apart from liabilities reflected in the statements of financial position as at December 31, 2013 and 2012, the Group Companies held other obligations as follows:-

25.1 Obligation of credit lines for loans from financial institutions:-

		Consolidated financial statements					
	Currency	As at December 31, 2013			As at December 31, 2012		
	(Unit : Million)	Total	Utilized	Available	Total	Utilized	Available
Letters of guarantee	Baht	229.00	103.33	125.67	229.00	101.63	127.37
Letters of credit and trust receipt	Baht	3,490.00	377.47	3,112.53	3,070.00	525.21	2,544.79
Bank overdraft	Baht	353.00	0.47	352.53	383.00	0.08	382.92
Short-term loans	Baht	3,520.00	1,304.00	2,216.00	3,700.00	1,574.00	2,126.00
Forward foreign exchange contract	Baht	3,154.00	-	3,154.00	3,159.28	-	3,159.28
Forward foreign exchange contract	USD	19.00	-	19.00	19.00	-	19.00
Packing credit	Baht	110.00	-	110.00	110.00	-	110.00
		Separate financial statements					
	Currency	As at December 31, 2013			As at December 31, 2012		
	(Unit : Million)	Total	Utilized	Available	Total	Utilized	Available
Letters of guarantee	Baht	60.00	12.77	47.23	60.00	11.07	48.93
Letters of credit and trust receipt	Baht	1,485.00	5.16	1,479.84	1,415.00	-	1,415.00
Bank overdraft	Baht	120.00	-	120.00	140.00	-	140.00
Short-term loans	Baht	1,210.00	505.00	705.00	1,490.00	525.00	965.00
Forward foreign exchange contract	Baht	1,400.00	-	1,400.00	1,405.28	-	1,405.28
Forward foreign exchange contract	USD	15.00	-	15.00	15.00	-	15.00
Packing credit	Baht	50.00	-	50.00	50.00	-	50.00

The above credit facilities are guaranteed by the collaterals as mentioned in the notes to financial statements No. 13.

25.2 The Group Company entered into agreements to property, plant and equipment, have remaining obligations under several subcontractors as follow:-

Consolidated financial statements						
As at December 31, 2013				As at December 31, 2012		
Currency (Unit : Million)	Contractual amount	Paid	Outstanding contractual obligation	Contractual amount	Paid	Outstanding contractual obligation
Baht	27.07	11.35	15.72	90.06	81.29	8.77
EUR	1.08	0.97	0.11	5.35	5.34	0.01

Separate financial statement As at December 31, 2012			
Currency (Unit : Million)	Contractual amount	Paid	Outstanding contractual obligation
Baht	90.06	81.29	8.77
EUR	5.35	5.34	0.01

25.3 A subsidiary entered into a gas purchase-sale agreement with a gas production company for a period of 10 years commencing from the date of the first gas purchase (January 9, 2006). The subsidiary has to comply with the conditions stipulated in the agreement in the volume at daily average equals to 100 million BTU, gas price, the conditions of delivery, the installation and maintenance of the branch piping system. In case the subsidiary defaulted on the payment for the gas for more than 2 consecutive payments, the subsidiary must pledge the letter of guarantee issued by a bank for the limit of Baht 1.26 million for the entire contractual period.

25.4 As at December 31, 2013 and 2012, two subsidiaries have entered vehicle lease respectively with 5 companies. The periods of lease agreement are 6 months to 3 years. The subsidiaries have obligations to pay lease fee under agreements as follows:-

(Unit : Baht)

Consolidated Financial Statements		
As at December 31,		
	2013	2012
Due within 1 year	17,059,570.00	11,865,491.62
Due over 1 year but not over 3 years	15,225,000.00	8,169,000.00

26. Financial instruments

The Group Companies possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Group Companies will consider using appropriate financial instruments when it considers necessary to manage such risks. However, the Group Companies does not have any policy to hold or issue any financial instruments for speculation or for trading.

26.1 Risk on exchange rate

Regarding risk on exchange rates of the Group Companies, mainly involves with sell goods, purchase of raw materials and machine under the foreign currencies as at December 31, 2013 and 2012, the Group Companies obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

As at December 31, 2013				
		Consolidated financial statement		Separate financial statement
Currency (Unit : Thousand)	Asset	Liability	Asset	Liability
USD	6,822	13,839	2,018	14
EURO	1	1,033	-	51
SWEDEN	-	4	-	-
SWISS FRANC	-	1	-	1

As at December 31, 2012				
		Consolidated financial statement		Separate financial statement
Currency (Unit : Thousand)	Asset	Liability	Asset	Liability
USD	11,338	21,588	1,418	109
EURO	-	537	-	186
SWEDEN	-	14	-	-
SWISS FRANC	-	3	-	-

26.2 Risk on interest rate

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow. Risk from interest rates remains due to bank deposit, loans from related parties, credit facilities owing to the commercial bank and related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group Companies anticipates of non material risk from interest rates.

	Consolidated financial statements			
	Amount (Unit : Million Baht)		Interest rate (% : Per year)	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Saving accounts	474.39	282.82	0.125-0.75%	0.125%-0.75%
Bank overdrafts	0.47	0.08	7.38%	7.38%
Trust receipt payable	1,121.31	517.90	2.27%-3.10%	2.10%-3.52%
Short-term loans	555.00	1,574.00	3.10-3.25%	3.20%-4.20%
Long-term loans	4,204.20	4,663.00	3.22-5.25%	3.16%-5.75%

	Separate financial statements			
	Amount (Unit : Million Baht)		Interest rate (% : Per year)	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
Saving accounts	106.81	133.66	0.125%-0.75%	0.125%-0.75%
Short-term loans	505.00	525.00	3.05%-3.25%	3.50%-3.55%
Short-term loans from subsidiaries	220.00	180.00	3.25%	2.50%
Long-term loans	3,944.20	3,873.00	3.92%-5.25%	3.97%-5.38%

26.3 Risk on credit provision

The Group Companies have credit provision risk where the credits are available to the trade accounts receivable. Because the foreign sales for the years ended December 31, 2013 and 2012, which equal to 63.64% and 61.06% of the total sale respectively, are sales under Letters of Credit or the customers pay the advances for the merchandises. The domestic sales, which equal to 36.36% and 38.94% of the total sale respectively, are sales to the related companies and other companies that the long-term relationship has been established with these companies. The management of the Group believes the setting up of the allowance for doubtful debt is sufficient.

26.4 Fair value

The financial assets and liabilities include cash and deposit held from financial institutions, trade accounts receivable and payable, other receivable and payable, long-term loans to related parties and short-term loans from related parties. Their carried values approximate to their fair values.

27. Beneficial privileges from investment promotion

The Company and two subsidiaries were granted 7 investment promotion certificates from Board of Investment. The received benefits and privileges are under Sections 25, 26, 28, 30, 31, 34, 35(2), 35(3), 35(4), 36(1), 36(2), 36(4) and 37 of Investment Promotion Act B.E. 2520 which include exemption of income tax on net profit derived from operating business under investment promotion for the period of 8 years commencing from the first day the income is generate from promoted business. The details of investment certificates received are as follows:-

The Company

Certificate No.	Date	Category of Promoted Business	Date of First Income	Termination Date
2181(2)/2553	Nov. 3, 2010	Categ. 3.15 manufacture of furniture or parts (except made from restricted trees)	Dec. 1, 2011	Nov. 30, 2019
1036(2)/2554	Jan. 6, 2011	Categ. 1.17 manufacture of products from agricultural by-products or waste	Sep. 1, 2013	Aug. 31, 2021

The Subsidiary Companies

Certificate No.	Date	Category of Promoted Business	Date of First Income	Termination Date
1171(2)/2546	Jan. 22, 2003	Categ. 6.1 and 6.2 Production of basic and other chemical products	Jul. 1, 2004	Jun. 30, 2012 and afterward 50% of normal income tax is payable for a period of 5 years.
1016(2)/2548	Nov. 10, 2004	Categ. 6.13 Production of paper fiber and paper or hard paper	Mar. 1, 2006	Mar. 1, 2014
1136(2)/2548	Feb. 14, 2005	Categ. 1.16 Production of board from wooden pieces or plants	Oct. 10, 2006	Oct. 9, 2014
2023(2)/2550	Oct. 10, 2007	Categ. 1.16 Production of board from wooden pieces or plants	Aug. 26, 2009	Aug. 25, 2017
2143(2)/2556	Aug. 20, 2013	Categ. 6.15 Production of paper fiber	-	-

28. Reclassification of accounting transactions

A subsidiaries have been reclassified contain items in the financial statement to correspond with the presentation of the current financial statement with no effect to the reported for the year ended or share holders' equity. The reclassifications have the following details.

(Unit : Baht)

	Before readjustment	Readjustment increase (decrease)	After readjustment
Statements of financial position as at January 1, 2012			
Inventories	1,893,643,822.40	92,260,038.59	1,985,903,860.99
Maintenance supplies	450,047,919.25	(92,260,038.59)	357,787,880.66
Statements of financial position as at December 31, 2012			
Inventories	1,701,309,334.45	94,276,915.15	1,795,586,249.60
Maintenance supplies	459,540,853.80	(94,276,915.15)	365,263,938.65

29. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company's authorized director on February 20, 2014.

Vanachai Appreciates the value of resources

Over 6 decades of leadership in the development of the particleboard and MDF board products has been the pride of our innovations, and creative ideas as a part of protection of the forest resources and the environment.





บริษัท วนชัย กรุ๊ป จำกัด (มหาชน)
Vanachai Group Public Company Limited

2/1 ถนนวงศ์สว่าง แขวงวงศ์สว่าง เขตบางซื่อ กรุงเทพมหานคร 10800
โทรศัพท์ 0-2913-2180-9, 0-2585-4900-3 โทรสาร 0-2587-9556
E-mail : vanachai@vanachai.com

2/1 Wongsawang Road, Wongsawang, Bangsue, Bangkok Thailand 10800
Tel : +66-2913-2180-9, 0-2585-4900-3 Fax : 0-2587-9556
E-mail : vanachai@vanachai.com