



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

Annual Report 2014

รายงานประจำปี
2557



สารบัญ

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Report of the Board of Directors

To All Shareholders

As we all know that the overall Thai economy in 2014 had slowed down from the previous year due to unfavorable factors from both domestic and overseas including sluggish global economic recovery especially in the first half of the year. Meanwhile, Thai economy only started to pick up slowly in the second half.

Nonetheless, the US economy showed a sign of improvement while the EU economies were sustained or showed little improvement. As a result, the global economy situations would be sustained and improved in 2014. Consumer confidence would increase while level of competition in the market would be lesser especially in international market. The Company and its subsidiaries posted revenue from sales in an amount of 10,750.7 million baht, or 27% year-on-year growth, and net profit of 752.1 million baht, 967.0 million baht increase from 2013. The revenue from sales has been growing continuously since the second half of 2013 and was expected to expand until the second half of 2014. Regarding this, revenue from domestic sales and exports of the Company increased by about 20 percent and 30 percent respectively.

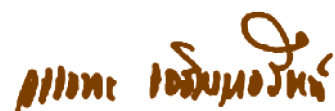
As demand for value-added products of the company has increased, we decided to make additional investment to expand production capacity for Laminated Flooring and particle board in order to accommodate the demands. It is expected that the Company would be able to increase its production capacity in 2015 and would raise its revenue accordingly.

Although the global economy began to recover, there were still uncertainties. The Company has been monitoring the situation closely and adapting various tactics to suit each situation, strengthen its financial position, maintain liquidity, control production costs which are on the rise while maintain product quality, improve production efficiency in accordance with the market circumstances and demands as well as create maximum economic value of the Company and its subsidiaries.

Taking this opportunity, 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 Jaroennawarat)
Managing Director

Audit Committee's Report

Audit Committee of Vanachai Group Public Company are composed of the 4 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
4. Police General Wichean Potephosree	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 2014s, audit committees hold 4 meeting (Always the Director Audit of Committees have to attend meeting) to trace and review in quarterly 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 Mr. Naris Saowalagsakul Certified Public Accountant (Thailand) Registration No. 5369 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 2015s total 730,000 Baht to submit board of approval and submit at shareholder common conference of year 2015s for future approval.



(Mr. Nipon Wisityuthasart)
Chairman of the Audit Committee

Important changes in 2014

In 2014, the Company and subsidiaries reported revenue from sales in an amount of 10,750.7 million baht, an increase of 2,270.0 million baht or 27 percent from 2013, due to global economic recovery and increase in consumer confidence especially in the international market. As a result, domestic and overseas revenue from sales of the Company and subsidiaries increased by about 20 percent and 30 percent respectively. In addition, it also posted net profit of 752.1 million baht, an increase of 967.0 million baht when compared to net loss of 214.9 million baht in 2013.

The improvement in operating results was partly because of expansion of particle board production capacity in Saraburi plant to 240,000 cubic meters per year. The plant has started its operation and distribution in Q3 of 2013 and continue to manufacture and sell a full year in 2014. This would stimulate the Company's revenue from sales accordingly.

In addition, demand for value-added products of the Company was expected to be higher in 2014. Hence, the Company decided to expand production capacity of Laminate Flooring to 4,147,200 square meters and particle board of 162,000 cubic meters per year in Saraburi plant respectively. The Company anticipated that the plant would be able to start production and distribution in 2015.

In the coming year, we expect the global economy to fluctuate especially in overseas markets. Hence, the competition in this segment would still be intense. Nevertheless, the Company and its subsidiaries would continue to monitor the impact of the manufacturing cost closely so that we can maintain our competitiveness in the market while effectively utilize production capacity to meet market demand and provide adequate and appropriate liquidity for operations.

Under financial aspect, during the year 2014, the Company paid up its matured long-term debts by the amount of 1,806.8 million baht. At the end of 2014, the Company and its subsidiaries had the total liabilities of 6,618.1 million baht and the shareholder's equity of 6,726.9 million baht with the ratio of debt to equity of 0.98 to 1, which was regarded as a stable financial position. This year, the company paid interim dividend to shareholders in the form of ordinary shares and cash from unappropriated retained earnings according to resolution of the Extraordinary General Meeting of Shareholders No. 1/2014 held on October 6, 2014 and distributed dividend of 261,167,749 ordinary shares in an amount not exceeding 261,167,749 baht and cash of 0.022222222222 baht per share, total of 29,018,647.27 baht on October 28, 2014. The total value of ordinary shares and cash is 290,186,396.27 baht.

The Directors & Management Team

Mr. Sompop Sahawat

Age (year)	62
Position	Chairman of the Board of Directors Authorized Director
Date appointed	1 November 1994
Education	• Mechanical Diploma Fachhochschule Dortmund Germany • 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 Directors Vanachai Panel Industries Co., Ltd.
	Chairman of the Board of Directors Vanachai Chemical Industries Co., Ltd.
	Chairman of the Board of Directors Woodtek International Co., Ltd.
	Chairman of the Board of Directors Particle Planner Co., Ltd.
	Chairman of the Board of Directors The Vanachai Group of Companies Co., Ltd.
Criminal - Free Track record for the past 10 years	None

Mr. Nipon Wisityuthasart

Age (year)	75
Position	Chairman of the Audit Committee
	Independent Director
Date appointed	15 December 1999
Education	- MA-Thai Nation Institute-Development Administration (NIDA) - 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. Independent Director
Present	Audit Committee / Country Group Holdings PCL. / Independent Director Business is the holding of shares in another company (Holding Company) of Business Finance
Present	Audit Committee / Grand Canal Land PCL. / Property development Independent Director
Present	Independent Director Country Group PCL. / Securities Business
Criminal - Free Track record for the past 10 years	None

Police General Soontorn Saikwan

Age (year)	70
Position	Independent Director
Date appointed	19 April 2005
Education	- MA - Political Science Ramkhumhaeng University - MFM, MIA, MIR, MFR/2013, ACP/2013 - DAP / 2005 Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2005 - Present	Independent Director Vanachai Group PCL.
Present	Chairman PTG Energy PCL, / Energy and Independent Director Infrastructure Business
Present	Independent Director Millcon Steel PCL. / The Steel industry
Criminal - Free Track record for the past 10 years	None

General Vichit Yathip

Age (year)	68
Position	Audit Committee Independent Director
Date appointed	25 April 2006
Education	• BA., Chulachomklao Royal Military Academy • National Defence College of Thailand • RCM/2008, 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 / Independent Director Vanachai Group PCL.
Present	Audit Committee / Independent Director Bangkok Airways PCL. / Airline Business, Bangkok Airways Brand
Present	Independent Director MC Group PCL. / Retail Business for clothing and lifestyle products
Present	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

Police General Wichean Potephosree

Age (year)	61
Position	Audit Committee Independent Director
Date appointed	28 April 2014
Education	• Master of Business Administration Kasetsart University • Master National Institute of Development Administration (NIDA) • RCM/2014, FSD/2014, Thai Institution of Directors Association (IOD) • DCP/2004, DAP/2004, ACP/2004, Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
2006 - Present	Audit Committee / Independent Director Vanachai Group PCL
Present	Chairman / Independent Director Pacific Pipe PCL. / Production and distribution of steel pipes By using the system, production welding steel plates Using electrical resistance
Present	Chairman of the Audit Committee / Independent Director Asian Insulators PCL./ Production and distribution of electrical insulators for use in the Electric and Power Company
Feb. - Oct. 2012	Audit Committee / Independent Director Vanachai Group PCL
2006 - Aug. 2010	Audit Committee / Independent Director Vanachai Group PCL
Criminal - Free Track record for the past 10 years	None

Mr. Suebtrakul Soonthornthum

Age (year)	72
Position	Vice Chairman Independent Director
Date appointed	1 November 1994
Education	• MBIM, Hon Dlitt (Curtin University) • PMD. (Harvard University) • DAP/2004, Thai Institute of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Family Relationship between Executives	
2005 - Present	Vice Chairman / Independent Director Vanachai Group PCL.
Present	Director Loxley PCL. / Technology, Trade and Service Business
Criminal - Free Track record for the past 10 years	None

Mr. Kraithip Krairiksh

Age (year)	60
Position	Audit Committee Independent Director
Date appointed	12 December 2008
Education	• Master of Economics TUFTS UNIVERSITY, MASSACHUSETTS, U.S.A. • 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 / Independent Director Vanachai Group PCL.
Present	Chairman / Independent Director PACE Development Corporation PCL./ Property development
Present	Chairman KT ZMICO Securities LTD. / Securities Business
Present	Audit Committee / Independent Director Samitivej PCL. / Medical Business
Criminal - Free Track record for the past 10 years	None

Ms. Yupaporn Boongate

Age (year)	60
Position	Vice Chairman Authorized Director
Date appointed	4 January 1995
Education	- Maetee Chuhawan College - 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)	59
Position	Director
Date appointed	1 November 1994
Education	- Diploma - Accounting Chetupon Commercial College (Bangmod) - DAP/2004, Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Elder brother of Mr.Wanthana Jaroennawarat Nephew of Mr.Sompop Sahawat Consin of Mrs.Siriporn Chaipattanavanich Consin of Mr.Patta Sahawat Consin of Ms.Phattra Sahawat Consin 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)	54
Position	Authorized Director Managing Director
Date appointed	1 November 1994
Education	• Administrative Justice for Executives Program (Class No. 18), The Office of the Administrative Courts of Thailand • 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 • MIE-Industrial Engineering King Mongkut's University of Technology North Bangkok, Thailand • DAP/2005, Thai Institution of Directors Association (IOD)
Shareholding (%)	2.11% of Paid-up capital
Family Relationship between Executives	Younger brother 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 Sahavat
Working Experience in the last 5 years	
2008 - Present	Honorary Chairman 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 Chaipattavanich

Age (year)	51
Position	Director
Date appointed	1 November 1994
Education	• BA-Marketing, Assumption University • DAP/2004, Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	Husband of Mrs. Siriporn Chaipattavanich
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 Chaipattavanich

Age (year)	48
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 Chaipattavanich 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)	61
Position	Deputy Managing Director - Factory
Date appointed	1 November 1994
Education	- MA-Accounting, Thammasart University - DAP/2004, Thai Institution of Directors Association (IOD)
Shareholding (%)	None
Family Relationship between Executives	None
Working Experience in the last 5 years	
1994 - 2015	Director/ Deputy Managing Director - Factory Vanachai Group PCL.
Criminal - Free Track record for the past 10 years	None

Mr. Patta Sahawat

Age (year)	42
Position	Authorized Director Deputy Managing Director - Head Office
Date appointed	25 April 2001
Education	- Diploma Mount Ida College, Massachusetts (USA) - 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 brother of Mrs.Siriporn Chaipattanavanich Elder brother 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. Phattrra Sahawat

Age (year)	40
Position	Authorized Director Assistants Managing Director
Date appointed	25 April 2002
Education	• MSA. Multinational Commerce, Boston University (USA) • 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 sister of Mrs. Siritporn Chaipattanavanich Younger sister of Mr. Patta Sahawat 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)	38
Position	Authorized Director Assistants Managing Director
Date appointed	13 May 2003
Education	• MPA / ID, Harvard University (USA) • 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. Vanachai Chemical Industries Co., Ltd. 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)	57
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.
Criminal - Free Track record for the past 10 years	None

Mr. Phumsakdi Chullavallibha

Age (year)	50
Position	Assistants Managing Director
Date appointed	1 February 2010
Education	MIE-Industrial Engineering, King Mongkut's University of Technology North Bangkok
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)	55
Position	Executive Manager
Date appointed	1 June 1996
Education	BA-Accounting, Thammasart 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)	54
Position	Company 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	Company 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.

Name	Company List	Position	Subsidiary Companies					Related Companies									
			1	2	3	4	5	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. SoontornSaikwan		✓															
4. General Vichit Yathip		✓															
5. Pol. Gen Wichean Potephosree		✓															
6. Mr. Suebtrakul Soonthornthum		✓															
7. Mr. Kraithip Krairiksh		✓															
8. Ms. Yupaporn Boongate		✓+✓✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Mr. Vasun Jaroenavarat		✓+✓✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓	
10. Mr. Wanthana Jaroennawarat		✓+✓✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11. Mr. Suthep Chaipattananavich		✓+✓✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓	
12. Ms. Siriporn Chaipattananavich		✓✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
13. Mr. Nirun Suntipiromkul		✓+✓✓															
14. Mr. Patta Sahawat		✓+✓✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
15. Ms. Phattrat Sahawat		✓+✓✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
16. Mr. Somprasong Sahawat		✓+✓✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓	✓	✓	
17. Mr. Surapong Dumrisilp		✓✓															
18. Mr. Phumsakdi Chullavullibha																	
19. Mr. Witoon Samapath																	
20. Mr. Aruck Tungtrakool																	

X = Chairman

✓ = Director

✓✓ = Executive Director

Subsidiary Companies	Related Companies
1. Particle Planner Co., Ltd.	1. The Vanachai Group of Companies Co., Ltd.
2. Woodtek International Co., Ltd.	2. The Vanachai Intertrading Group Co., Ltd.
3. Vanachai Chemical Industries Co., Ltd.	3. Firstwood Co., Ltd.
4. Vanachai Panel Industries Co., Ltd.	4. Woodland Co., Ltd.
5. PV Wood 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, 2014

Directors	Company	Vanachai Group Plc.	Particle Planner Co., Ltd.	Vanachai Panel Industries Co., Ltd.	Vanachai Chemical Industries Co., Ltd.	Woodtek International Co., Ltd.	PV Wood Co., Ltd
1. Mr. Sompop	Sahawat	65,999,919	1	1	1	1	-
2. Mr. Nipon	Wisityuthasart	-	-	-	-	-	-
3. Pol. Gen. Soontorn	Saikwan	-	-	-	-	-	-
4. General Vichit	Yathip	-	-	-	-	-	-
5. General Vichit	Potephosree	-	-	-	-	-	-
6. Mr. Seubtrakul	Soonthornthum	-	-	-	-	-	-
7. Mr. Kraithip	Krairiksh	-	-	-	-	-	-
8. Ms. Yupaporn	Boongate	32,999,959	1	1	1	1	-
9. Mr. Vasun	Jaroenavarat	32,999,959	1	1	1	1	-
10.Mr. Wanthana	Jaroennawarat	32,999,959	1	1	1	1	-
11.Mr. Suthep	Chaipattanavanich	-	-	-	-	1	-
12.Mr. Nirun	Suntipiromkul	-	-	-	-	-	-
13.Mr. Patta	Sahawat	32,999,959	1	-	1	-	-
14.Ms. Phattra	Sahawat	32,999,959	-	1	-	1	-
15.Mr. Somprasong	Sahawat	33,000,000	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 “Wanachai” 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.

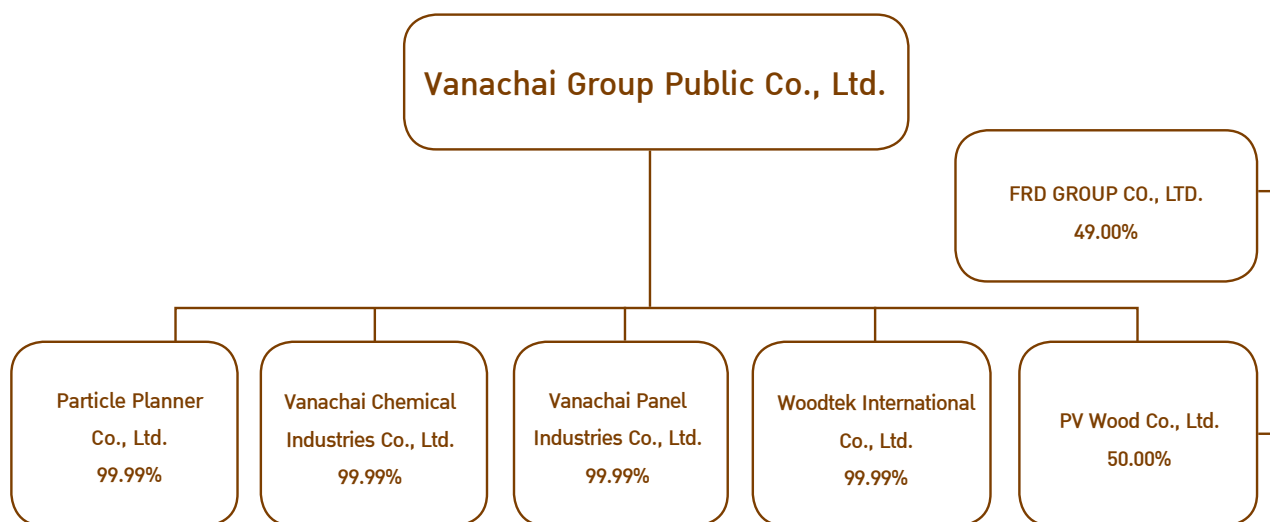
Vanachai operates its business with the environmental awareness, manufactures and creates qualified wood substitute board products. Selecting products of Vanachai is not only to use qualified products, but it also means that customers participate in the environmental conservation for maintaining its 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	1,567	-
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%
PV Wood Co., Ltd.	Production and sales of Laminate veneer MDF Board and Laminate Particleboard.	1	50.00%

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 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 Ucalyptus 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 Stock Exchange of Thailand, and paid capital sum of 1,567,006,876 Baht on December 31, 2014.

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 Banbueng-NeanMoak Road, Hanong-EI-Roon District, Banbueng District, Chonburi	- MDF Board - Moulded Doorskins	270,000 Cubic Metre 3,600,000 Sheet
	112 Kaeng Khoi Industriel Estate, BanThat, Kaeng Khoi District, Saraburi	- MDF Board - Particleboard - Laminated Flooring-Malamine Laminated of Particle and MDF Board	90,000 Cubic Metre 240,000 Cubic Metre 6,647,200 Square Meter 141,176 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	- MDF Board - Particleboard - Malamine Laminated of Particle and MDF Board	510,000 Cubic Metre 750,000 Cubic Metre 8,800,000 Cubic Metre
Vanachai Chemical Industries	10 Soi G-14 Pakornsongkrohraj Road, Maptaphut, Mueng District, Rayong	- Urea formaldehyde Resin - Malamine paper	146,000 Ton 44.95 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 Co., Ltd., Vanachai Chemical Industrie Co., Ltd. and Vanachai Panel Industries Co., Ltd.

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.

Competitive situation

Economy of USA is likely to grow while that of Europe is steady or slightly growing. International markets are likely to have higher confidence toward current economic situation so demand is rising and competition tends to be less intense. Total revenue from export sector in 2014 increased about 30% by comparing with 2013.

By considering performance of 2014, overall sales of MDF boards and particle boards which are the core products of company and subsidiaries increased versus 2013. Sales volume, value, and average price of MDF boards increased by 4%, 13%, and 9% respectively. Sales volume, value, and average price of particle boards increased by 44%, 49%, and 4% respectively. Key contributors are about promising trend of world economy, confidence of international markets, and production capacity of particle board factory in Saraburi that is able to supply 240,000 cubic meters annually. Production and sales started in the 3rd quarter of 2013 so company earned substantial sales from full-scale production of 2014.

In 2014, company expanded production capacity of laminate flooring to 4,127,200 sq.m. per year, and increase capacity of particle boards to 162,000 cubic meters per year, at factory in Saraburi to ensure sufficient supply for recovered market.

Company is highly committed to produce quality products that fulfill various customers' needs, control production cost to maintain competitiveness, add values to products to satisfy customers' satisfaction, expand distribution channel to support declined or highly competitive markets. Moreover, company aims to improve operation in compliance to ISO 9001: 2008 to be competitive and become effective player in the industry.

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 2014, the domestic sales of the MDF increases by 12% and 13% from the year 2013 respectively. The selling price in 2014 coincided with the year 2013.

Particleboard

In the Particleboard industry, There are 12 major Particleboard manufacturers in Thailand with total production capacity of approximate 3,090,000 cubic meters on annual basis. The company is one of the major manufacturers with production capacity of 1,140,000 cubic meters yearly, or accounting for 36.89% of total production capacity. In 2014, the domestic sales volume and value increases by 26% and 21% from the year 2012 respectively, The average sales price in 2014 , decreases about 4% compared to the year 2013.

Overseas Markets

MDF Board

The company and its subsidiaries' overseas sales volume and value increases by 2% and 13% respectively. The selling price increased by 10% compared to 2013. Due to the global economic recovery.

Particleboard

The company and its subsidiaries' overseas sales volume and value increases by 62% and 85% respectively. The selling price increased by 14% compared to 2013. Due to the global economic recovery. Affect product demand has increased.

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 product sales a new country 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	2014		2013		2012	
			Revenue	%	Revenue	%	Revenue	%
MDF Board	Vanachai Group PCL.		5,138.59	48	4,549.38	57	5,490.54	56
	Vanachai Panel Industries Co., Ltd. Ltd.	99.99						
Particleboard	Vanachai Group PCL.		3,436.28	32	2,235.40	26	2,717.40	28
	Particle Planner Co., Ltd	99.99						
	Vanachai Panel Industries. Co., Ltd	99.99						
Melamine Laminated of Particle and MDF Board	Vanachai Group PCL.		929.42	9	728.81	9	769.88	8
	Vanachai Panel Industries. Co., Ltd							
Laminated Flooring	Vanachai Group PCL.		939.74	9	677.43	8	480.83	5
Doorskins	Vanachai Group PCL.		272.71	2	251.58	3	274.99	3
Resin, impregnated paper and other	Vanachai Chemical Industries Co., Ltd	99.99	34.01	0	38.18	0	33.00	0
	Company's Group							
Total sales			10,750.75	100	8,480.79	100	9,766.64	100

Business Objectives

The company has emphasized top quality of products as compared to the competitors. The company implements the production capacity policy by utilizing each production line at the suitable capacity, corresponding to the market demand. The company will gain the advantage that has higher production capacity than those of the competitors, together with products' price and raw material cost management. 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 manufacturer and distributor for such products as MDF, particleboard, Doorskin, melamine-coated MDF, melamine-coated particleboard, and finished wood floor. 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.

As main suppliers, capacity of company and subsidiaries support production of MDF boards at 870,000 cubic meters per year and particle boards at 1,140,000 cubic meters per year, which account for 39.37% and 36.89% of overall production capacity of the country respectively. According that domestic markets are not likely to be expanded to respond to production capacity, company needs to export to global markets.

Recently, world economic climate is recovered, though fluctuated. Company has monitored situations and managed clients in both domestic and global markets. Some export markets are penetrated to replace current ones and more clients are acquired. Recovered economy in USA and steady economy in Europe promote demand in international markets so average price of MDF boards and particle boards in international markets, which are the core products of company and subsidiaries have been increased by 10% and 14% respectively versus 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 65% In year 2014 of the total sales is guaranteed by the L/C opening or prepaid customers. Meanwhile, the local sales which claim 35% 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

Company and subsidiaries applied short-term and long-term loan from financial institution on 31 December 2014, for 5,296.26 million Baht, in which interest rate is specified by such financial institution. However, increase of interest rate in the market by 0.25% leads to additional interest of 13.24 million Baht, thus affecting profit and cash flow of company. Company and subsidiaries have been carefully considering this issue and comparing information from various financial institutions to ensure minimum financial costs.

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

As of March 26, 2015, the family of Sahavat, Jaroennawarat, Boongate and Chaipattananavich hold shares in the company approximately 72.71% 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. 1,567.01 million,
1,567.01 million ordinary shares at Bht. 1.00 each.
- Issued ordinary shares that already paid-up :
1,567.01 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, Tamboon
Ban - That, Kangkoi, Saraburi.
Tel. 0 3624 5644

Corporate Information of Its Subsidiaries Companies

Particle Planner Company Limited

- Registered capital : Bht. 250 million,
2.5 million ordinary shares
at Bht. 100.00 each.
- Issued ordinary shares that already
paid-up : 2.5 million shares
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 - Neinmook 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

PV Wood Company Limited

- Registered capital : Bht 1 million, 10,000 ordinary shares at Bht. 100.00 each.
- Issued ordinary shares that already paid-up : 10,000 shares at Bht. 100.00 each
- ◆ Production and sales of Laminated veneer
MDF Board and Laminated veneer Particle Board.
- 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	4th Unit, 19 th Floor, Silom Complex Building, 191 Silom Road,Bangrak, Bangkok 10500		
	Tel.	662-231-3980-7		
	Fax.	662-231-3980		
	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 24th, 2015

Rank	Shareholders	No. of Shares	% **
* 1	The Vanachai Group of Companies Co., Ltd.	809,404,399	51.653
* 2	The Sahavat Family	197,999,837	12.636
* 3	The Jaroennawarat Family	65,999,918	4.212
	Bangkok Bank PCL	52,764,912	3.367
* 5	Mr. Anuchfa Kijthanamongkolchai	36,314,000	2.106
* 6	Ms.Yupaporn Boongate	32,999,959	2.106
	Mrs.Siriporn Chaipattavanich	32,999,959	2.106
	Asset Management Multiply Company Limited	22,806,360	1.455
	Thai NVDR Company Limited	11,866,819	0.757
10	Mrs. Darawan Benjasiriwan	11,480,000	0.733
	Total	<u>1,274,636,163</u>	81.342

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 72.712% of total shares

** = Percentage of total number of shares in issue, totaling 1,567,006,876 shares

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

Rank	Shareholder		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	Chaipattavanich	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 contacts, 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 net 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	6/6	-	2/2
	2. Mr.Nipon Wisityuthasart	Chairman of the Audit Committee / Independent Director	6/6	4/4	2/2
	3. Police General Soontorn Saikwan	Independent Director	6/6	-	2/2
	4. General Vichit Yathip	Audit Committee / Independent Director	6/6	4/4	1/2
**	5. Police General Wichean Potephosree	Audit Committee / Independent Director	4/4	2/2	1/1
	6. Mr.Suebrakul Soonthornthum	Vice Chairman / Independent Director	6/6	-	2/2
	7. Mr.Kraithip Krairiksh	Audit Committee / Independent Director	5/6	4/4	2/2
*	8. Ms.Yupaporn Boongate	Vice Chairman	5/6	-	2/2
	9. Mr.Vasun Jaroenavarat	Director	6/6	-	2/2
*	10. Mr.Wanthana Jaroennawarat	Managing Director	6/6	-	2/2
	11. Mr.Suthep Chaipattanavanich	Director	6/6	-	2/2
***	12. Mr.Nirun Suntipiromkul	Deputy Managing Director - Factory	6/6	-	1/2
*	13. Patta Sahawat	Deputy Managing Director - Head Office	6/6	-	2/2
*	14. Ms.Phattra Sahawat	Director	6/6	-	2/2
*	15. Mr.Somprasong Sahawat	Director	6/6	-	2/2
****	Mr.Surapong Dumrisilp	Director			

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

** As a director on 28 April 2014

*** Mr.Nirun Suntipiromkul Resigned from the Board on 1 March 2015

**** Mr.Surapong Dumrisilp As a director on the 6 March 2015

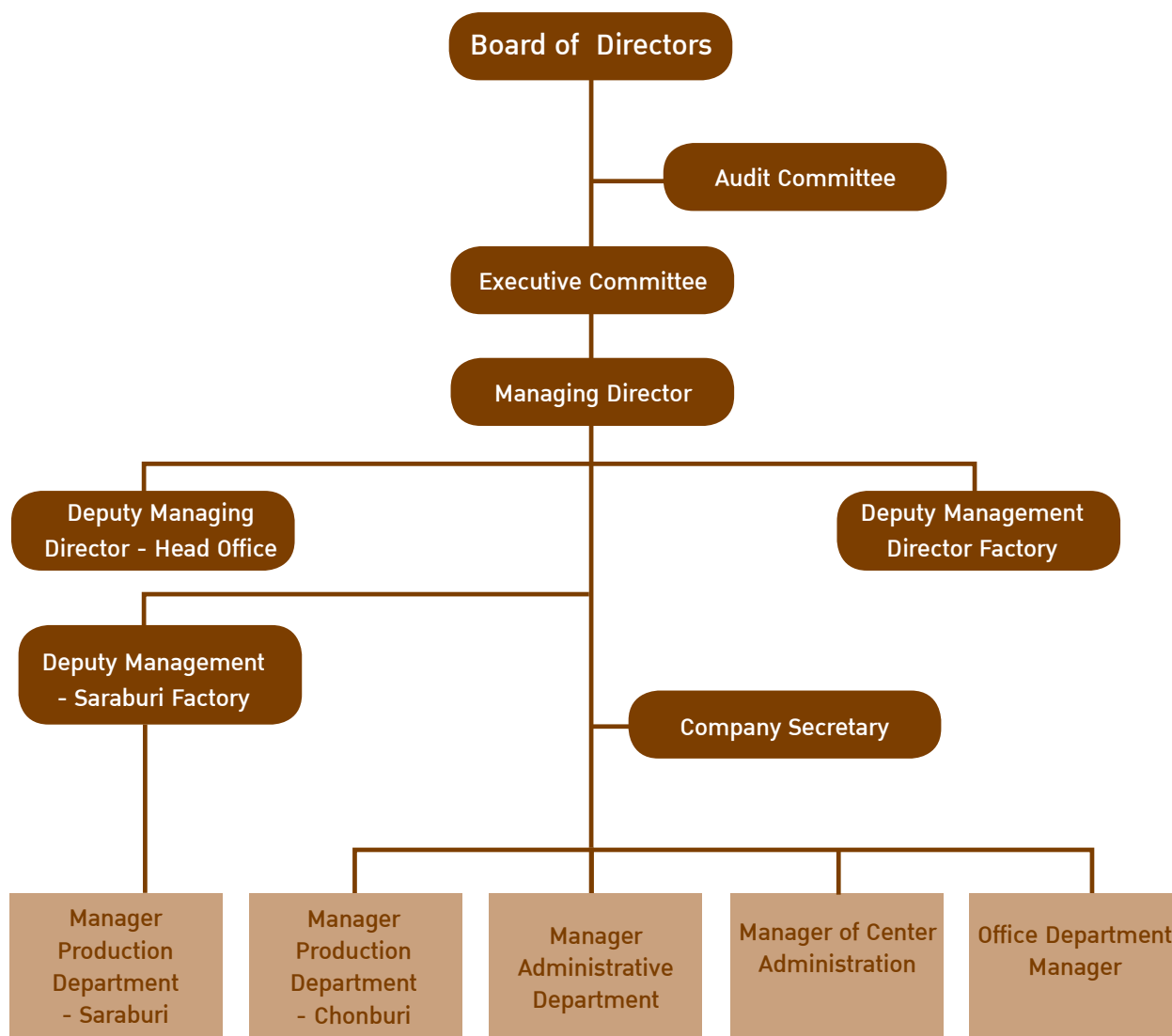
Authorized directors

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



Company Secretary

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 6 directors:

List-name		Position	Unit : Baht
1. Mr.Nipon	Wesityuthasart	Chairman of the Audit Committee	1,020,000
2. Mr.Suebtrakul	Soonthornthum	Independent Director	1,020,000
3. Mr.Kraithip	Krairiksh	Audit Committee	800,000
4. General Vichit	Yathip	Audit Committee	800,000
5. Police General Soontorn	Saikwan	Independent Director	560,000
6. Police General Wichean	Potephosree	Audit Committee	505,000
Total of remuneration			<u>4,705,000</u>

(b) The total remuneration under the salary and bonus to the 6 executives equals to 77.33 million baht

(2) Other remuneration

- None -

Personnel

In 2014, the company has a total number of employees of approximately 1,362 employees, dividing into 44 employees being allocated to the Bangkok head office, 633 employees located in the Chonburi plant and 685 employees in the Saraburi plant. They receive monthly salaries and bonuses altogether totaling of 399.73 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	520 people
- employees - Administrative Department	113 people

Saraburi - Factory

- employees - Production Department	588 people
- employees - Administrative Department	97 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 Management Director in proper matter. However, the Management Director has an authority to approve any inter-related transactions which beyond normal business operations, acquisition or disposition 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) Directors who have knowledge and experience in auditing the financial statements of the company and experience of directors reviewed the financial statements as well.

Mr.Kraithip krairiksh 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 2,653,000.- Baht

2. Other Services

As condition to verity of promote and total amount 205,000.- 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 2014, the annual shareholder meeting 2 times.

1. The Annual General Meeting on April 28, 2014 at the Grand Hall 1, Rama Garden, 9/9 Vibhavadee Rangsit Rd., Bangkok, Laksi, Bangkok.
2. The Extraordinary General Meeting No.1/2557 on October 6, 2014 at the Cattleya Room, Rama Garden, 9/9 Vibhavadee Rangsit Rd., Bangkok, Laksi, Bangkok.

Before the Shareholder Meeting

The Board of Directors will be responsible for scheduling the annual shareholder meeting, / extraordinary shareholder 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 / extraordinary shareholder 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 2014, 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, 2014 - December 31, 2014 however there are no any shareholders took that chance.

On date of 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.

Extraordinary shareholder No.1/2014, six 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 woks 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 2014 the company's is Board of Directors 14 attended 13 together with Chief Executive and Auditor had attended the meeting to answer the shareholders' questions and report the company's financial statement.

At the meeting of Shareholders extraordinary No.1/2014, Board of Directors 15 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 responsibility

Board of Director Structure

The company's Board of Directors is composed of 15 directors as follows:

Executive Directors	9	persons
Independent Directors	2	persons
Audit Committee	4	persons

The company's directors is independent 6 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 5 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

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. Keeping partners' trade secret, not utilize it for company's benefit or other related persons illegally.
5. Building the relationship and good cooperation to develop the company's products with the partners for enhancing potential and efficiency in the long term business cooperation.
6. Not supporting the infringement of intellectual properties or copy rights of any individuals.
7. Purchasing products and services from business partners according to the trading conditions, and complying with the contract with business partners.
8. 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

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.
5. Taking responsible to the environment of the community and society

Anti-Corruption Policy and Declaration of Intent (Cooperated with other organizations)

The Company is committed to operate the business based on the principles of laws, integrity and morals, and also aware of the significance of the good corporate governance. The Company adheres to the fair business operation, transparent management, responsibility to its stakeholders, and corporate environmental and social responsibility. The Company has established the following practices;

1. Its directors, executives and employees at all levels must comply with the anti-corruption policy without involvement in any forms of corruption, either directly or indirectly.
2. Its employees must not neglect or ignore any potential corrupt actions involving to the Company. If such action is detected, employees must report such matter to their supervisors or responsible persons through any channels as specified by the Company and fully cooperate in investigating facts.
3. Its directors, executives and employees must not request for or accept gifts, any kind of entertainment, or other expenses from customers, business partners or any parties related to the Company's business, affecting the decision in performing duties or causing interest conflicts.
4. The offering or accepting of donations or contributions must be performed in a transparent and lawful manner to ensure that it will not be used as excuses for bribery.
5. Do not offer or accept bribery in any types of business operation. Any operations of the Company and business relations with the public sector must be carried out in a transparent manner in accordance with related laws.
6. Clues or complaints suspected to be corruption involving the Company, either direct or indirectly, must be reported to the Audit Committee of the Company. Whistleblowers must identify matters needed to report clues or complaints, as well as evidence, name, address and contactable telephone number.

7. Persons who are able to report clues or complaints in regard to corruption involving the Company include all stakeholders of the Company such as shareholders, customers, competitors, debtors, public sector, communities, societies, executives and employees of the Company. However, the Company will keep it confidential according to the confidentiality and protection measures.

The Company has manifested its intent by participating in anti-corruption activities with Thai public sectors. The Company also establishes the anti-corruption policy which is completely approved by the Board of the Company.

Internal control and risk management

Board of Directors' meeting No. 1/2015 dated February 26, 2015 which was also attended by the 6 members of 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: Control Environment, Risk Management, Management Operation Control, Information and Communication, and Monitoring and Evaluation.. 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 2014 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.

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	177,600,000
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 plywood and	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 Jaoennawarat			Mr.Suthep Chaipattananavich			Mrs.Siriporn Chaipattananavich		
	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%	Position	Shareholding (Share)	%
The Vanachai Group of Companies Co., Ltd.	×	1,020,000	20%	✓	510,000	10%	✓	510,000	10%	✓	-	-	✓	510,000	10%
Vanachai Intertrading Group Co., Ltd.	×	2,300,000	20%	✓	1,150,000	10%	✓	1,150,000	10%	✓	-	-	✓	1,150,000	10%
Firstwood Co., Ltd.	×	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Woodland Co., Ltd.	×	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Doctor Wood Co., Ltd.	×	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Vanachai Plywood Co., Ltd.	-	-	-	-	-	-	✓	10,000	17%	-	-	-	✓	10,000	17%
Vanachai Veneer and Plywood Co., Ltd	×	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Maeyai Co., Ltd.	×	1	-	✓	1	-	✓	1	-	✓	-	-	✓	-	-
Sunant Timber Co., Ltd.	×	1	-	✓	1	-	✓	1	-	✓	-	-	✓	1	-
Rich forest Co., Ltd	-	-	-	-	-	-	✓	333,333	17%	-	-	-	✓	333,333	17%

× Chairman of the Board of Director

✓ Director

Related Companies	Ms.Yupaporn Boongate			Mr.Patta Sahawat			Ms.Phattra Sahawat			Mr.Somprasong Sahavat			Ms.Somjairak 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 2014 (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, Particboard and glue urea	174.66	- 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.	1.59	- The broker selling products to companies.
		- The company in the group buy scrap veneer, wooden core, rubble and scrap wood slab.	2.06	- To be used as raw materials in manufacturing finished goods transactions between the company its same price to the transactions with the outsiders.
		- Post dated Cheques	18.21	- Credit term is the same as general customers.
		- Trade receivable	62.12	- Credit term is the same as general customers.
		- Accrued income	0.19	- Credit term is the same as general customers.
		- Trade payable	0.79	- Unpaid scrap veneer.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2014 (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, Bangpakong, Chachoengsao, one-year period has started from 1 June 2013 to 31 May 2014 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. - A contract for the rental for a period of 1 year from 1 June 2014 to 31 May 2015	8.06 11.27	- The warehouse is the place for loading products to the container before sending to Leam 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. - No change in rental rates.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2014 (Million Baht)	Necessary and Justification
Doctor Wood Co., Ltd. (con't)	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- The company in the group pay service fee for loading-unloading goods.	21.68	- 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	5.57	- Accrued rental fee, service fee for loading unloading goods.
3. Woodland Co., Ltd.	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- The company in the group sell MDF Board, Particleboard and door skins	105.33	- For using as materials in manufacturing finished goods. Transactions between the company its same price to the transaction with the outsiders.
		- Group companies charge a commission and service sales.	2.62	- The broker selling products to companies.
		- The company bought equipment to lay the Laminated installation. The finished products, such as The end Skirtings.	7.15	- Transactions between the company its same price to the transaction with the outsiders.
		- Trade receivable	9.69	- Credit term is the same as general customers.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2014 (Million Baht)	Necessary and Justification
Woodland Co., Ltd. (con't)	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- Other trade receivable - Accrued income - Other trade payable	0.75 0.16 0.06	- Credit term is the same as general customers. - Credit term is the same as general customers. - Accrued timber wood, the finish and melamine door skin.
4. Vanachai Veneer and Plywood Co., Ltd	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- The company in the group s charge a commission and service sales. - The company in the group the plywood, Layers of plywood, plywood, plywood black film coatings. - A company in the purchase of wood chips, wood core, scrap veneer and eucalyptus. - The company in the group the plywood, - The company bought the plywood black film coatings and adhesives Holt. Melt - The company in the group the plywood, - Trade receivable - Trade payable	2.79 0.15 21.40 0.15 0.02 0.14 0.19 5.52	- As a broker sell products to Related Companies - To be used in office and home repair Transactions between the company its same price to the transactions with the outsiders - To be used as raw materials in manufacturing finished goods Transactions between the company its same price to the transactions with the outsiders - To be used in the home repair Transactions between the company its same price to the transactions with the outsiders - 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. - To be used in the home repair Transactions between the company its same price to the transactions with the outsiders - Credit term is the same as general customers. - Accrued the scrap veneer, eucalyptus plywood.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2014 (Million Baht)	Necessary and Justification
5. Firstwood Co., Ltd.	- Related company	- Advances to the electric company and charged from Firstwood Co., Ltd. actual cost.	2.76	- To rate of electricity.
	- Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- 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 2013 to 30 June 2014. 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 2014 to 30 June 2015.	6.70	- No changes in rental rates.

Individual / Entities that may conflict	Relationship	Description	Value of transaction in 2014 (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 1 July 2013 to 30 June 2014. 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	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.
		- A contract for the rental. For a period of 1 year. Since 1 July 2014 to 30 June 2015.	2.25	- No changes in rental rates.
		- Woodtek International Co., Ltd, has entered into contract for renting the warehore 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 2014 to 31 December 2014 Rental fee of 40 baht/sq. meter and 150 baht/sq, Respectively, including the merge, such as electricity, water, parking space.	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 2014 (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. - Other trade receivable - Trade Payable - Accrued expenses	1.02 0.001 0.02 0.02	- By phone bill TOT rate. - The security services paid under the actual service. - Credit term is the same as general customers. - Unpaid phone bills. - Unpaid phone bills.
7. Rich forest Co., Ltd	- Related company - Some Vanachai Group Plc.'s directors are directors and shareholders in the company	- The Company purchases eucalyptus - Trade payable	54.84 6.77	- 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

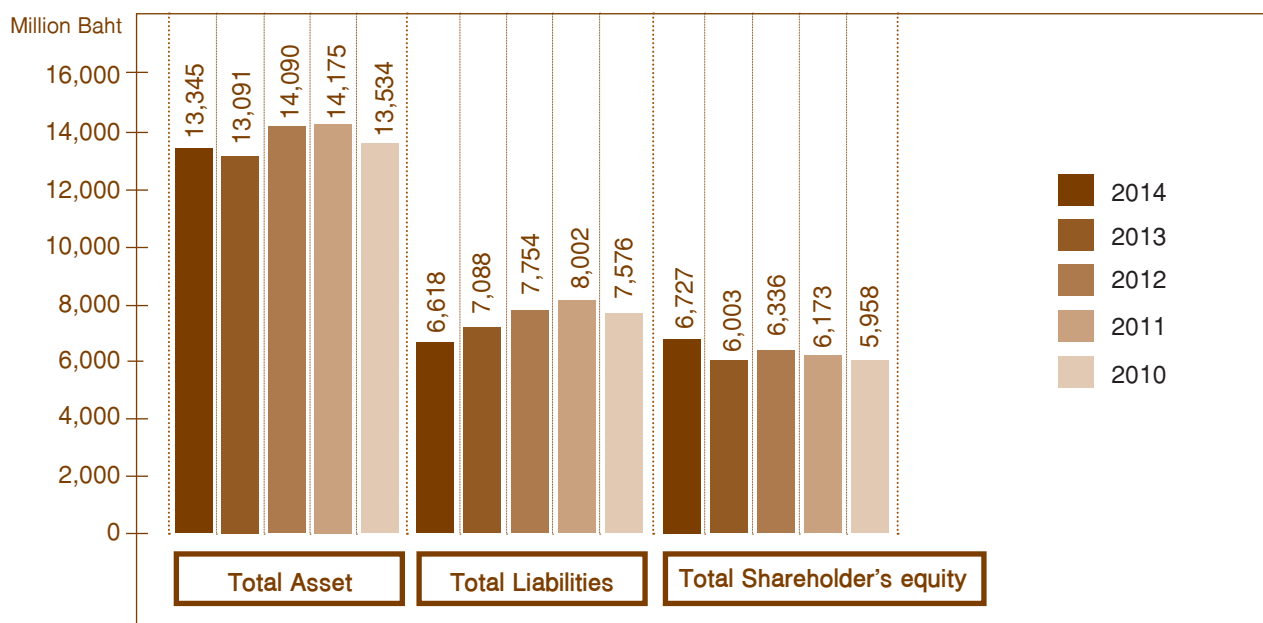
And Its Subsidiary Companies

1. Financial Statement

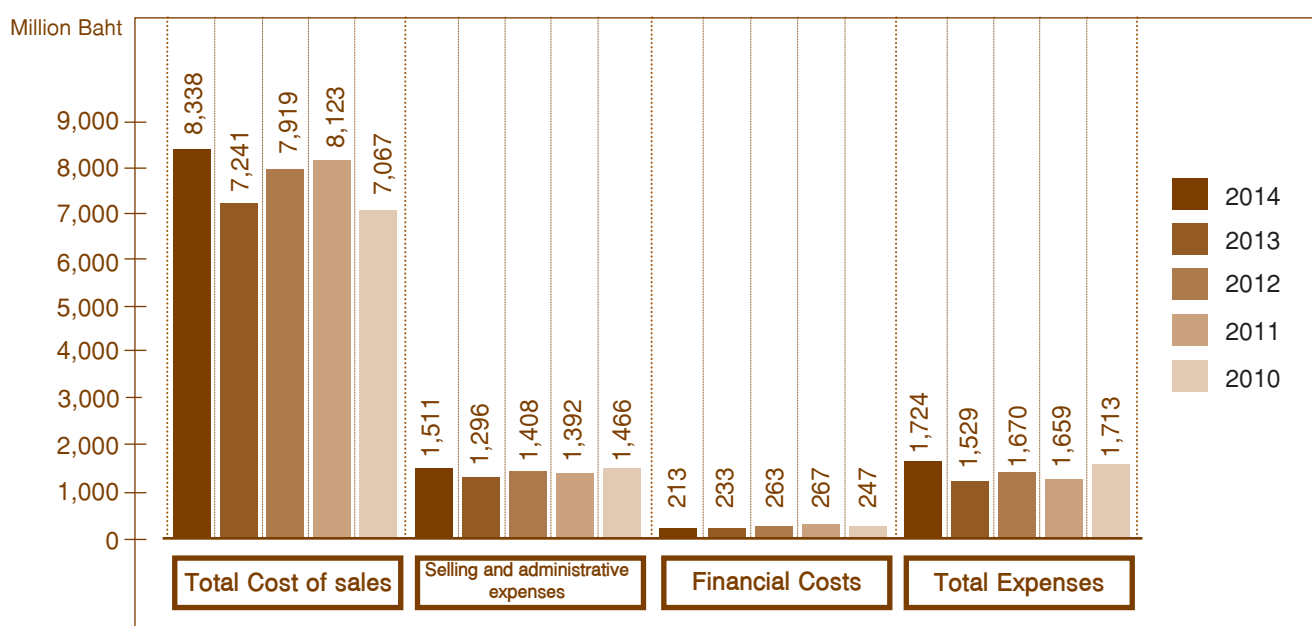
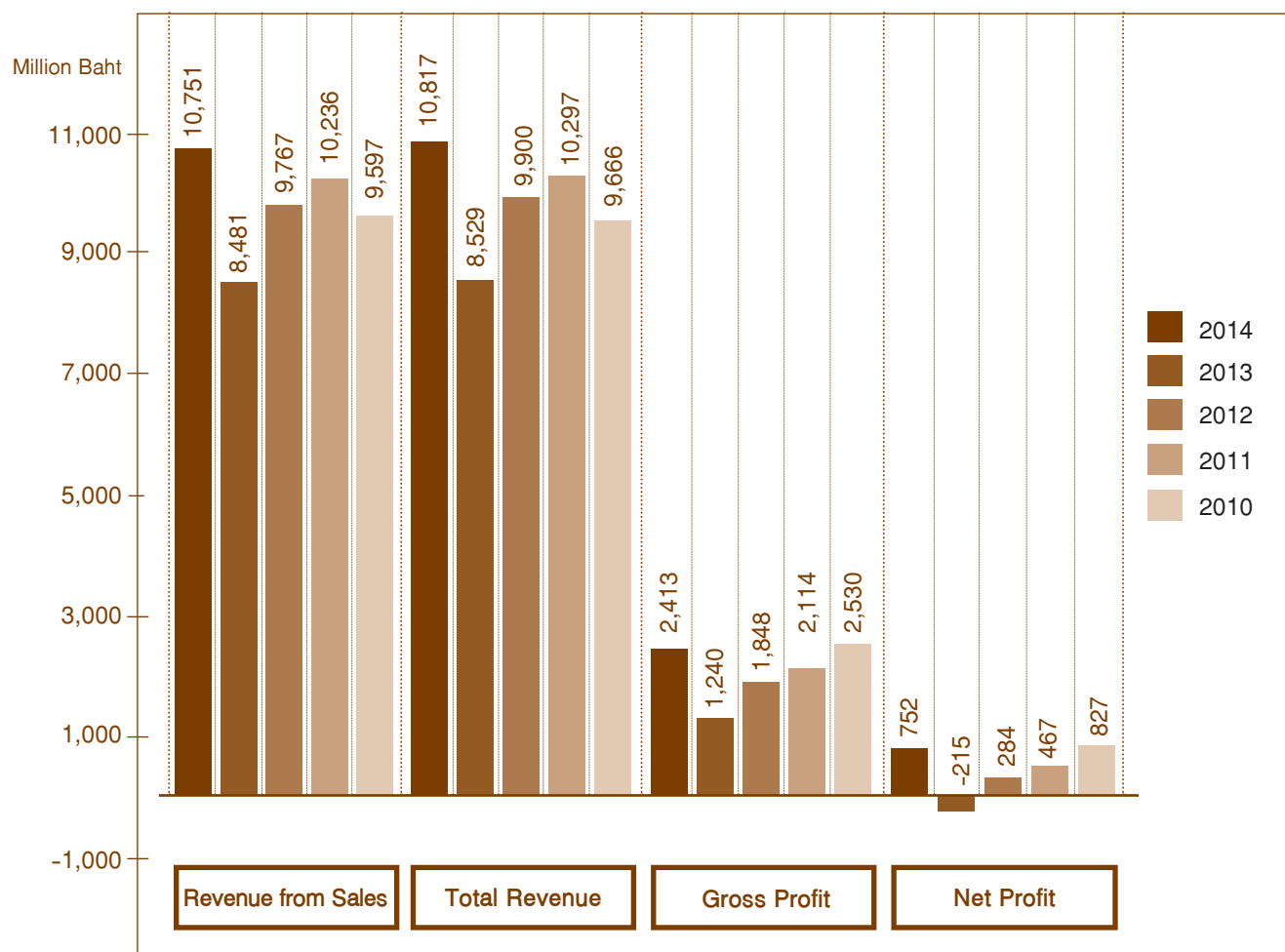
Unit : Million Baht

Financial Status	2014	2013	2012	2011	2010
Total assets	13,345	13,091	14,090	14,175	13,534
Total liabilities	6,618	7,088	7,754	8,002	7,576
Total shareholder's equity	6,727	6,003	6,336	6,173	5,958
Operation Results					
Revenue from sales	10,751	8,481	9,767	10,236	9,597
Cost of sales	(8,338)	(7,241)	(7,919)	(8,123)	(7,067)
Gross profit	2,413	1,240	1,848	2,114	2,530
Total revenue	10,817	8,529	9,900	10,297	9,666
Profit before expenses	2,479	1,288	1,981	2,175	2,599
Selling Administrative expenses and administrative expenses	(1,511)	(1,296)	(1,408)	(1,392)	(1,466)
Financial Costs	(213)	(233)	(263)	(267)	(247)
Total expenses	(1,724)	(1,529)	(1,670)	(1,659)	(1,713)
Profit (loss) before income tax	756	(241)	311	516	886
Income tax (expenses) revenues	(4)	50	(27)	(49)	(59)
Profit (loss) for the year	752	(191)	284	467	827
Other comprehensive income for the years-net of income tax	-	(24)	-	-	-
Total comprehensive income for the year	752	(215)	284	467	827

Financial Status



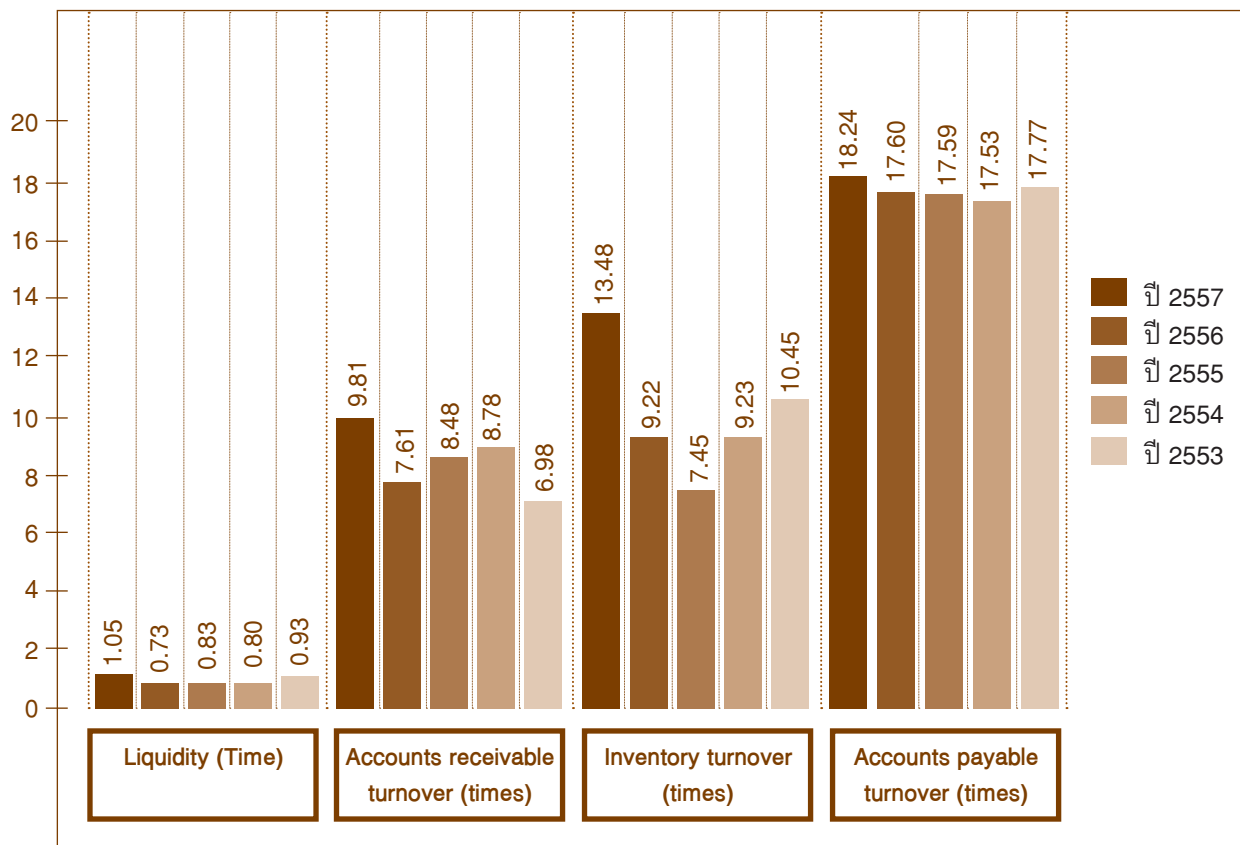
Operation Results

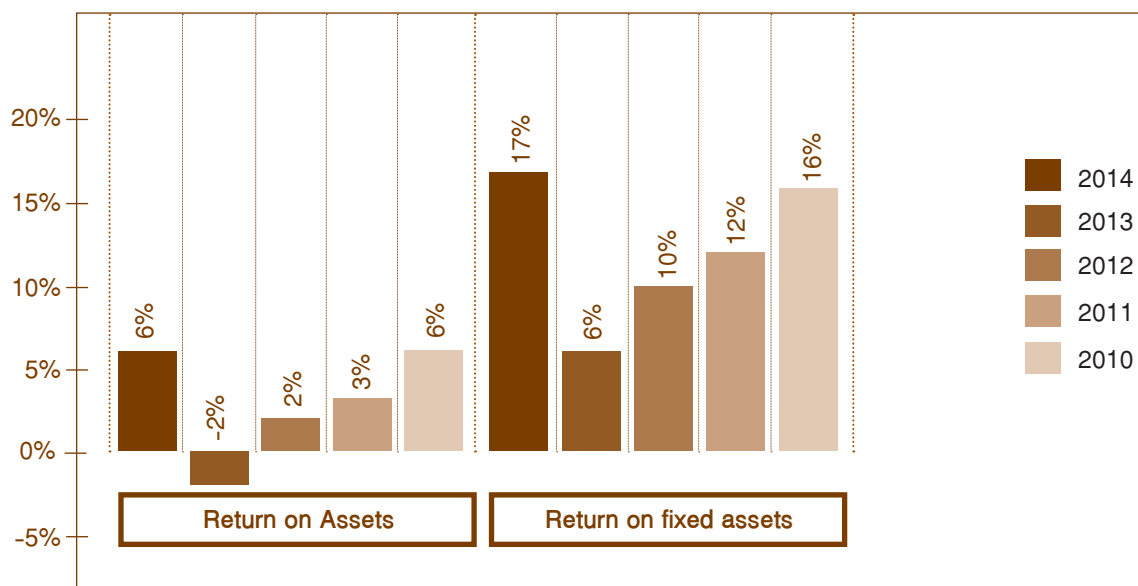
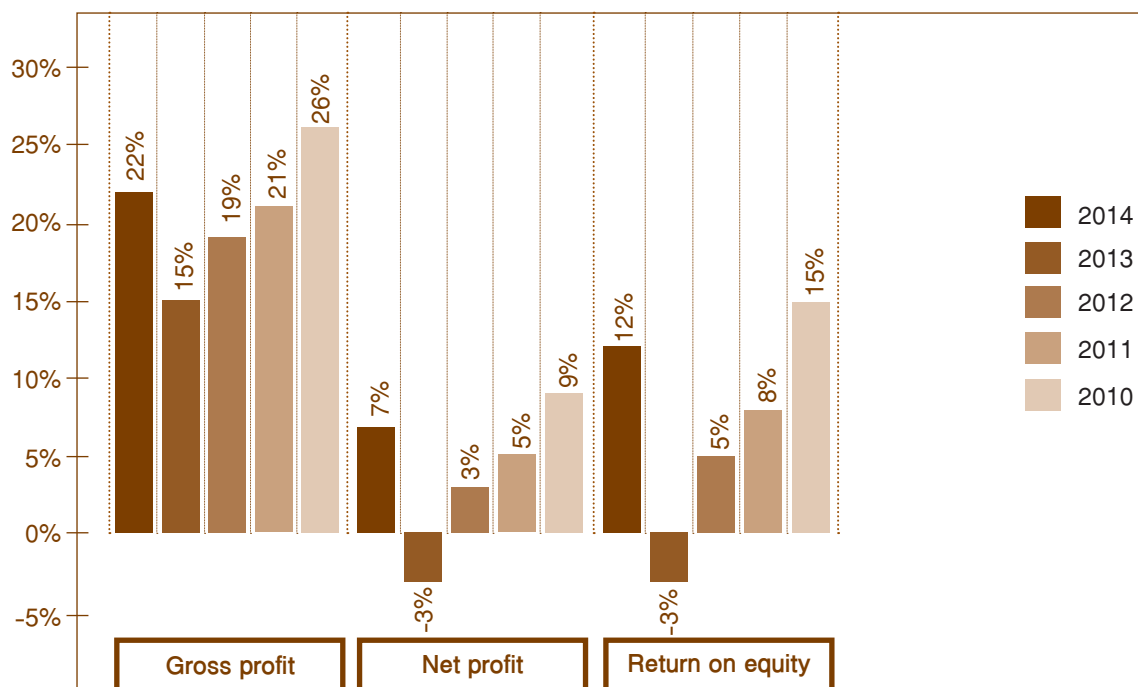
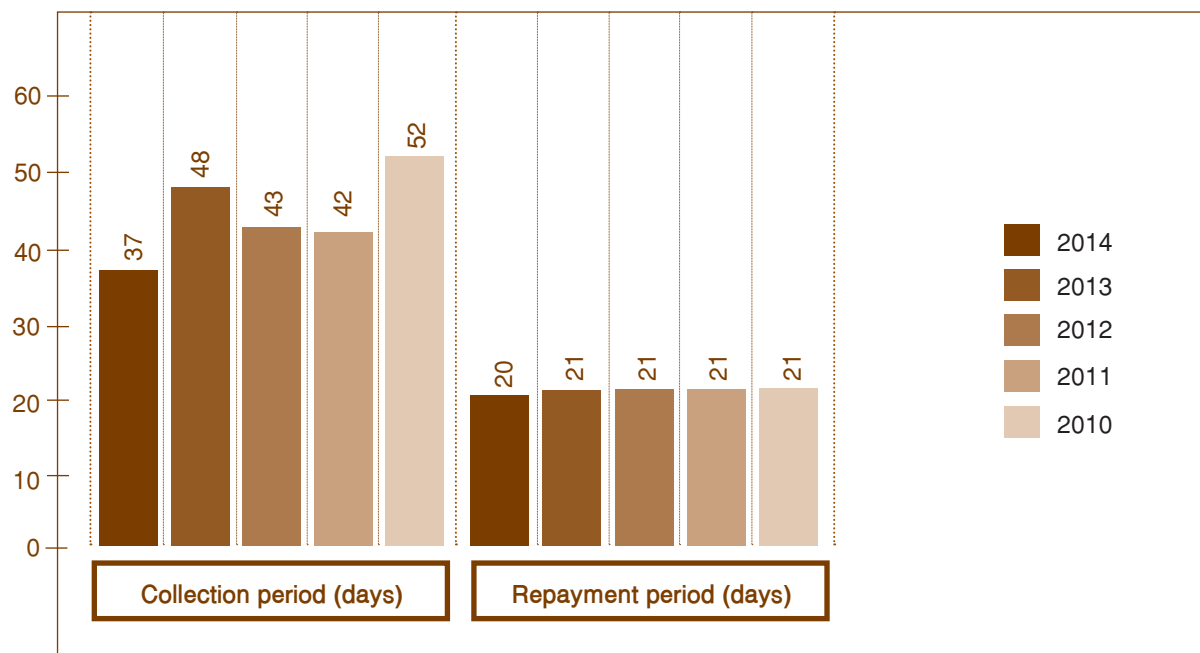


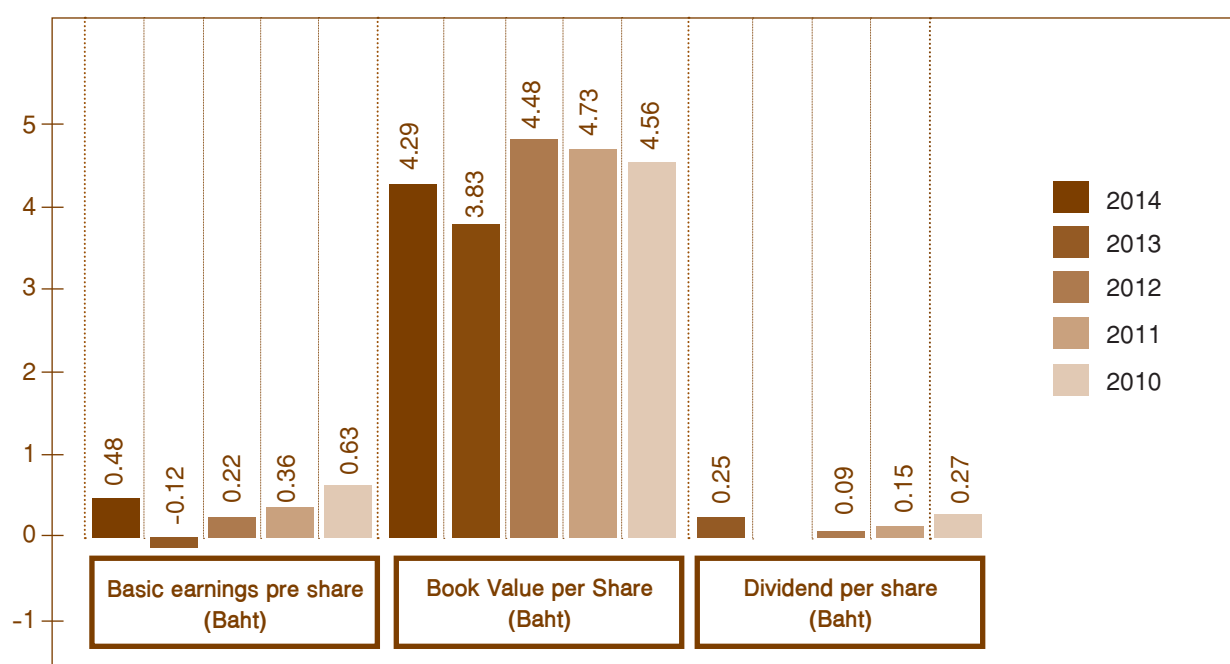
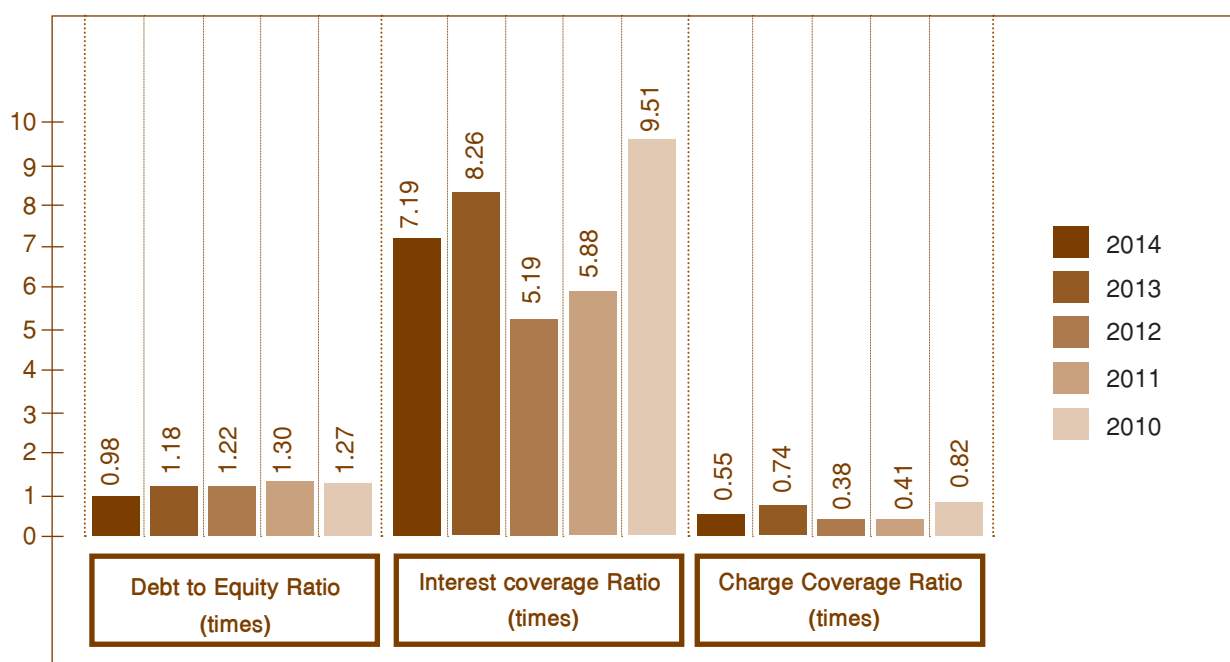
2. Financial Ratio

	2014	2013	2012	2011	2010
Liquidity ratio	1.05	0.73	0.83	0.80	0.93
Receivable trade turnover (times)	9.81	7.61	8.48	8.78	6.98
Collection period (days)	37	48	43	42	52
Inventory turnover (times)	13.48	9.22	7.45	9.23	10.45
Payable trade turnover (times)	18.24	17.60	17.59	17.53	17.77
Repayment period (days)	20	21	21	21	21
Gross Margin Rate (%)	22%	15%	19%	21%	26%
Net profit Rate (%)	7%	(3%)	3%	5%	9%
Return on equity (%)	12%	(3%)	5%	8%	15%
Return on total assets (%)	6%	(2%)	2%	3%	6%
Return on fixed assets (%)	17%	6%	10%	12%	16%
Debt to equity Ratio (time)	0.98	1.18	1.22	1.30	1.27
Ability to pay of interest Ratio (time)	7.19	8.26	5.19	5.88	9.51
Ability to pay of obligations Ratio (time)	0.55	0.74	0.38	0.41	0.82
Basic earnings per share (Baht)	0.48	(0.12)	0.22	0.36	0.63
Book Value per Share (Baht)	4.29	3.83	4.85	4.73	4.56
Dividend per share (Baht)	0.25	-	0.09	0.15	0.27

* Proposed that the annual general meeting of shareholders to approval the 2015 annual dividend of result for the fiscal year 2014.







Management Discussion and Analysis : MD&A

Overview of Past Performance

The performance for the year 2014 the company and its subsidiaries has revenues from sales of 10,750.7 million baht, a increase from the year 2013 เท่ากับ 2,270.million baht, equivalently 27% . Due to the economy is gradually recovering as a result, revenues from sales increased from year 2013.

Profit and Loss Analysis in summary the company and its subsidiaries

In 2014 the company and its subsidiaries net profit of 752.1 Million Baht, compared to 214.9 Million Baht in 2013, the net loss. The company and its subsidiaries net profit of increase 967.0 Million Baht or 450% mainly caused by the followings.

1. Revenue from sales increased by 2,270.0 Million Baht , Due to the sales volume MDF Board , and Particle Board is increased by about 4% and 44% respectively and the average sales price of the MDF Board and Particle Board increases of about 9% and 4% respectively, the ratio revenue from the sale follows.

	Unit	2014	2013
Revenue from local sales			
- Sales to general customers		3,468.38	2,891.35
- Sales to related companies		286.99	191.85
Total Revenue from sales - local	(million baht)	3,755.37	3,083.20
Total Revenue from sales - export	(million baht)	6,995.38	5,397.59
Total Revenue from sales	(million baht)	10,750.75	8,480.79
Proportion between local sales and export sales		35 : 65	36 : 64

2. Cost of sales was 8,337.6 Million Baht increased 1,096.8 Million Baht, by the main cause of high sales volume.
3. Selling expenses 1,111.6 Million Baht, increased 165.9 Million Baht, Due to high sales volume.
4. The cost of administration and management compensation 399.0 Million Baht , an increase of 48.5 Million Baht, the main cause of the payouts annual bonus increase of 20.7 Million Baht and loss of the replacement property as a component of 12.9 Million Baht.
5. Finance costs 213.0 Million Baht decreased 20.1 Million Baht due to the reduction of the principal amount of the loan repayment schedule.

6. Gross profit in 2014 was 22% increase from the year 2013 with a profit margin of 15% , up 7% since the average sales price of a MDF Board and Particle Board increases and finance costs decreased by 9 %, the net profit of the Company increased by 967.0 Million Baht .

Return on equity the company has paid dividends results of operations for the year 2014, 2013 and 2012 details below

	2014	2013	2012
Net (Loss) Profit (Million Baht)	752	(215)	290
Dividends (baht / share)	0.25	-	0.09
Total dividends (million Baht)	392	-	118
Dividend payout ratio (%)	52.08	-	40.52

* 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 contacts, investment of the future plans will be taken to consider before dividend payment.

Financial status

Total Assets

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

	2014	2013
Trade receivable	8.82%	8.60%
Inventories	12.03%	8.90%
Property, Plant and Equipment	69.27%	74.59%

As of December 31, 2014, the Company and its subsidiaries had total assets of 13,344.9 million Baht in 2013 compared to total assets of 13,091.0 Million Baht a a increase of 253.9 Million Bahtthe details of the increase or decrease as follows.

1. Cash and cash equivalents increased by 163.0 Million Baht .
2. Trade and other receivables increased by 122.1 Million Baht
3. Inventories increased by 439.2 Million Baht, Mainly due to the increase in finished goods 300.8 Million Baht, Work in progress 71.9 Million Baht, Materials 73.4 Million Baht, Supply 26.6 Million Baht and a reduction of between 33.6 Million Baht.

Total Liabilities

As of December 31, 2014, the Company and its subsidiaries had total liabilities of 6,618.1 Million Baht compared to the year 2013, total liabilities were 7,087.7 million Baht, a decrease of 469.6 Million Baht, Mainly due to the decrease in overdrafts and short-term loans from financial institutions of 79.7 Million Baht, Long-term loans decreased by 505.0 Million Baht and Unearned income decreased 83.8 Million Baht, Trade and other payables increased by 182.5 million baht, and Increase in employee benefit obligations 17.7 Million Baht .

Total Shareholders' Equity

As of December 31, 2014, the total shareholders' equity of the Company and its subsidiaries amounted to 6,726.4 million, an increase of 723.1 million Baht compared to 2013, equal to 6,003.3 million Baht, due to the constant net profit from operating results from the third quarter of 2013 to the year ended December 31, 2014. The Company's debt-to-equity ratio in 2014 was 0.98:1, a decrease of 0.20 times compared to 2013, equal to 1.18:1. The main reason derived from the decreasing short-term loans and the long-term loans from financial institutes.

Liquidity

Cash Flows

As of December 31, 2014, the cash from operating activities of the Company and its subsidiaries amounted to 1,313.7 million Baht, cash used in investing activities amounted to 325.1 million Baht, and cash used in financing activities amounted to 825.6 million Baht. As of December 31, 2014, the cash and cash equivalents amounted to 692.3 million Baht, an increase of 163.0 million Baht compared to 2013, the details of which were as follows:

- 1) Net cash from operating activities amounted to 1,313.7 million Baht, a decrease of 429.5 million Baht compared to the previous year, because the increase of profits from operating activities before changes in operating assets and liabilities amounted to 1,023.3 million Baht, the increase of inventories amounted to 1,073.5 million Baht, the increase of accounts receivable and other receivables amounted to 278.3 million Baht, the increase of revenue department receivable amounted to 43.6 million Baht, the increase of accounts payable and other payables amounted to 181.9 million Baht, and the decrease of deferred income amounted to 263.1 million Baht.
- 2) Net cash used in investing activities amounted to 325.1 million Baht, a decrease of 9.9 million Baht compared to the precious year, as the investment payment in projects reduced.
- 3) Net cash used in financing activities amounted to 825.6 million Baht, a decrease of 384.5 million Baht compared to the precious year, as a result of the decrease of short-term loans from financial institutes amounted to 323.4 million Baht, the increase of long-term loans from financial institutes amounted to 101.8 million Baht, the decrease of interest payment amounted to 18.3 million Baht, the decrease of dividend payout amounted to 88.5 million Baht, and the increase of repayment for long-term loans from financial institutes amounted to 148.0 million Baht.

Liquidity Compare in year 2013

	Year 2014	Year 2013	Increase / (Decrease)
Liquidity ratio	1.05	0.73	0.32
Quick Liquidity ratio	0.48	0.35	0.13
Cash Flow Liquidity ratio	0.32	0.29	(0.07)

The liquidity ratio increased because the current asset increased by 780.0 million Baht and current liabilities decreased by 496.6 million Baht. The quick ratio increased as a result of the increase of the cash and cash equivalents amounted to 163.0 million Baht, the increase of accounts receivable and other receivables amounted to 122.1 million Baht and the decrease of short-term loans from financial institutes amounted to 79.7 million Baht. The current portion of long-term loans was decreased by 586.0 million Baht. The liquidity ratio of cash flows decreased due to the decrease of 429.5 Baht from cash flows from operating activities. The Company's liquidity is sufficient to fund its operations and repayment of debts.

Profitability Ratio and Efficiency Ratio

The net profit of the Company and its subsidiaries in 2014 increased by 967.0 million Baht compared to 2013 (Analysis on Income Statement of Company and its Subsidiaries), resulting to the increase of profitability ratio and efficiency ratio.

Financial Ratio Analysis

	Year 2014	Year 2013	Increase / (Decrease)
Debt to equity ratio	0.98	1.18	(0.20)
Ability to pay of interest ratio	7.19	8.26	(1.06)
Ability to pay of obligations ratio	0.55	0.74	(0.19)

The debt-to-equity ratio declined because the total liabilities decreased by 469.6 million Baht and the total shareholders' equity increased by 723.1 million Baht.

Interest coverage ratio and debt service coverage ratio decreased as a result of the decrease of the cash flows from operating activities in 2014 of 429.5 million Baht from the previous year. The reasons were the increase of accounts receivable and other receivables, the increase of revenue department receivables, the increase of inventories, the increase of accounts payable and other payables, the decrease of deferred income which caused the decrease of cash flows from operating activities.

Capital Expenditure in 2014

1. The project for expanding production capacity of Laminated Flooring (Saraburi Factory) to 4,147,200 square meters per year with the investment amounted to 200 million Baht is during the installation of plant, expected to begin production in 2015 and sold.
2. The project of factory for covering particle board (Saraburi Factory) with the production capacity of 162,000 cubic meters per year and the investment amounted to 150 million Baht is during the installation of plant, expected to begin production in 2015 and sold.

The second source of funding the project.

- A loan from domestic financial institutions

Long-term liabilities

As of December 2014, company and its 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 December 31, 2014	Payment is completed
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 December 31, 2014	Payment is completed
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 31,2014	170.4 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 in stallment 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 31,2014	750.0 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, 2014	805.0 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
<u>6. Long-term loan from domestic financial institution (borrowed by Vanachai Group Pcl.)</u>	
Amount	1,200.0 Million Baht
Outstanding Amount on ended December 31, 2014	840.0 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.
<u>7. Long-term Loans from Domestic Financial Institutes (Vanachai Group Public Company Limited as a borrower)</u>	
Amount	150.0 Million Baht
Outstanding Balance as of December 31, 2014	124.8 Million Baht
Financial Institution	Kasikornbank Public Company Limited
Collateral	1. Real estate, proprietary of the Company in the project of factory for covering particle board 2. Machineries in the project of factory for covering particle board, proprietary of the Company

Interest Payment	Monthly payment of interest on the last business day of the month
Principal Payment	- Payment of principal in installments, each installment for a period of 3 months, totaling 16 installments Payment of the first installment on the last day of September, 2014, with the schedule of principal repayment in installments as follows; 1st - 15th installments, each in the amount of 9 million Baht (Nine million Baht only) 16th installment, the amount of 15 million Baht (Fifteen million Baht only)
Other credit term conditions	1. Maintaining the D/E ratio not to exceed 2.50 times on the quarterly basis 2. Maintaining the DSCR of at least 1.00 time as of the first quarter of 2015 3. The Company is able to pay dividend not exceeding 70% of the net profit.

8. Long-term Loans from Domestic Financial Institutes (Vanachai Group Public Company Limited as a borrower)

Amount	200.0 Million Baht
Outstanding Balance as of December 31, 2014	159.0 Million Baht
Financial Institution	Bangkok Bank Public Company Limited
Collateral	1.Real estate, Title deed No.464, proprietary of the Company 2.Machineries in the project for expanding production capacity of finished wood floors, Saraburi Factory Proprietary of the Company
Interest Payment	Monthly payment of interest on the last business day of the month
Principal Payment	- Grace period of 15 months from the date of receiving the first loan
Installments Payment	- Repayment for a period of 3 months, totaling 20 installments, each in the amount of 10 million Baht - Payment of the first installment on the last day of the 15th month from the date of receiving the first loan
Other credit term conditions	Maintaining the Debt to Equity Ratio not to exceed 2.5:1 according to the consolidated financial statements

9. 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, 2014	Payment is completed
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	- Non-payment of principal 2 years - Repayment of every 3 months totaling 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.

10. Long-term Loans from Domestic Financial Institutes (Vanachai Panel Industries Company Limited as a borrower)

Amount	1,000.0 Million Baht
Outstanding Balance as of December 31, 2014	850.0 Million Baht
Financial Institution	Bangkok Bank (Public) Company Limited
Collateral	Real estate, machineries, proprietary of Vanachai Panel Industries Company Limited, Particle board manufacturing plant (Line 1) in Wiengsra District, Suratthani
Interest Payment	Monthly payment of interest on the last day of the month
Principal Payment	- Payment of principal in installments, each installment for a period of 3 months, totaling 14 installments - Payment of the first installment on the last day of the 3rd month from the first withdrawal date of the loan, with the following details; - 1st - 4th installments, each in the amount of 50 million Baht (Fifty million Baht only) - 5th - 14th installments, each in the amount of 80 million Baht (Eighty million Baht only)

Other credit term conditions	The Company agrees to maintain the Debt to Equity Ratio not to exceed 2.5 times.
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- Long-term loans of the Company Group. A floating rate as of December 31, 2014 is between 2.76% - 5.00% 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.

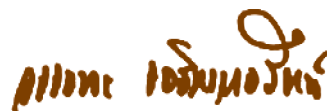
The board provides and maintains effective internal control to ensure that accounting record process is accurate, complete and adequate to keep assets, and to acknowledge the weakness to prevent possible fraud or significant unusual operation. For this reason,

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 auditcommittee report which has already demonstrated in annual report.

Based on board's opinion, internal control of Vanachai Groups Public Company is relatively satisfactory, and convince reliability on company financial statement and its subsidiaries as at ended December 31, 2014.



(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, 2014, 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, 2014, and of their consolidated and the separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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



(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) Registration No. 4664

Bangkok,
February 25, 2015

VANACHAI GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	2014	2013	2014	2013
<u>Assets</u>					
Current assets					
Cash and cash equivalent items	22.1	692,302,095.21	529,309,569.06	284,934,146.22	157,877,994.26
Trade and other receivable	5.1 and 6	1,177,076,800.02	1,054,962,831.32	695,627,909.98	560,612,400.52
Revenue Department receivable		73,432,105.68	33,495,544.76	14,227,482.27	11,732,111.88
Inventories	7	1,604,755,855.40	1,165,549,317.19	591,612,642.40	440,144,405.23
Maintenance supplies		419,982,130.72	404,218,464.45	154,223,418.51	138,015,867.94
Total Current Assets		3,967,548,987.03	3,187,535,726.78	1,740,625,599.38	1,308,382,779.83
Non-current assets					
Investments in subsidiary companies	8	-	-	4,702,498,460.00	4,701,998,460.00
Property, plant and equipment	9	9,243,910,204.92	9,765,048,216.11	2,726,992,188.95	2,726,306,292.56
Intangible assets	10	4,541,838.56	4,827,514.17	1,490,949.42	1,706,328.52
Deferred tax assets	11	123,649,474.63	125,658,381.84	63,898,708.76	64,575,770.11
Other non-current assets		5,295,967.00	7,918,947.96	3,629,375.64	6,858,273.40
Total non-current assets		9,377,397,485.11	9,903,453,060.08	7,498,509,682.77	7,501,445,124.59
Total assets		13,344,946,472.14	13,090,988,786.86	9,239,135,282.15	8,809,827,904.42

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, 2014

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Short-term loans from financial institutions	12	1,597,064,559.93	1,676,778,452.62	660,000,000.00	505,000,000.00
Trade and other payable	5.1 and 13	1,008,117,368.68	825,656,885.56	1,190,222,866.22	970,423,331.55
Advances received from customers		115,922,282.82	199,745,875.32	28,426,836.29	21,898,094.88
Current portion of long-term loans	14	1,052,800,000.00	1,638,800,000.00	762,800,000.00	1,378,800,000.00
Short-term loans from related parties	5.1	-	-	919,000,000.00	220,000,000.00
Total current liabilities		3,773,904,211.43	4,340,981,213.50	3,560,449,702.51	3,096,121,426.43
Non-current liabilities					
Long-term loans from financial institutions	14	2,646,400,000.00	2,565,400,000.00	2,086,400,000.00	2,565,400,000.00
Employee benefit obligations	15	173,383,952.03	155,655,197.00	78,331,179.00	70,880,525.00
Other non-current liabilities		24,386,291.52	25,661,358.66	7,018,750.91	8,379,729.50
Total non-current liabilities		2,844,170,243.55	2,746,716,555.66	2,171,749,929.91	2,644,660,254.50
Total liabilities		6,618,074,454.98	7,087,697,769.16	5,732,199,632.42	5,740,781,680.93
Shareholders' equity					
Share capital 16					
Authorized share capital					
1,567,006,952 ordinary shares @ Baht 1.00		1,567,006,952.00	-	1,567,006,952.00	-
1,425,839,127 ordinary shares @ Baht 1.00		-	1,425,839,127.00	-	1,425,839,127.00
Issued and paid-up share capital					
1,567,006,876 ordinary shares @ Baht 1.00		1,567,006,876.00	-	1,567,006,876.00	-
1,305,839,127 ordinary shares @ Baht 1.00		-	1,305,839,127.00	-	1,305,839,127.00
Premium on ordinary shares	17	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	17	156,700,695.20	142,667,000.00	156,700,695.20	142,667,000.00
Unappropriated		3,982,728,494.73	3,534,784,890.70	763,228,078.53	600,540,096.49
Total shareholders' equity of the Company		6,726,436,065.93	6,003,291,017.70	3,506,935,649.73	3,069,046,223.49
Non-controlling interests of subsidiaries		435,951.23	-	-	-
Total shareholders' equity		6,726,872,017.16	6,003,291,017.70	3,506,935,649.73	3,069,046,223.49
Total liabilities and shareholder's equity		13,344,946,472.14	13,090,988,786.86	9,239,135,282.15	8,809,827,904.42

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, 2014

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenue from sales		10,750,749,858.19	8,480,786,548.29	4,585,090,053.10	2,934,293,425.91
Cost of sales	7	(8,337,580,395.54)	(7,240,778,960.69)	(3,956,923,748.38)	(2,829,538,030.48)
Gross profit		2,413,169,462.65	1,240,007,587.60	628,166,304.72	104,755,395.43
Dividend income from subsidiaries	8	-	-	376,448,604.55	78,697,405.80
Gain from exchange rate		47,416,013.95	20,720,748.17	10,849,322.96	9,776,083.29
Other income		18,885,498.12	27,324,905.61	17,228,576.83	30,395,558.76
Profit before expenses		2,479,470,974.72	1,288,053,241.38	1,032,692,809.06	223,624,443.28
Selling expenses		(1,111,588,265.54)	(945,713,767.48)	(225,706,178.22)	(153,896,715.45)
Administrative expenses		(316,927,976.49)	(280,444,081.72)	(141,124,209.88)	(125,665,636.07)
Management benefit expense	5.3	(82,031,072.03)	(70,023,652.98)	(23,486,909.00)	(19,948,694.00)
Financial cost		(212,977,825.91)	(233,108,785.09)	(174,790,304.35)	(186,805,464.02)
Total expenses		(1,723,525,139.97)	(1,529,290,287.27)	(565,107,601.45)	(486,316,509.54)
Profit (loss) before income tax		755,945,834.75	(241,237,045.89)	467,585,207.61	(262,692,066.26)
Income tax (expenses) revenues	20	(3,844,718.84)	50,417,171.24	(677,061.35)	43,534,626.13
Profit (loss) for the year		752,101,115.91	(190,819,874.65)	466,908,146.26	(219,157,440.13)
Other comprehensive income					
Actuarial losses arising from defined benefit plan	15	-	(28,892,297.00)	-	(12,163,932.00)
Income tax relevance with other comprehensive income	20	-	4,781,781.80	-	2,432,786.40
Other comprehensive income for the year-net of income tax		-	(24,110,515.20)	-	(9,731,145.60)
Total comprehensive income for the year		752,101,115.91	(214,930,389.85)	466,908,146.26	(228,888,585.73)
Profit (Loss) attributable to :					
Shareholders of the Company		752,165,164.68	(190,819,874.65)	466,908,146.26	(219,157,440.13)
Non-controlling interests of the subsidiaries		(64,048.77)	-	-	-
Profit (loss) for the year		752,101,115.91	(190,819,874.65)	466,908,146.26	(219,157,440.13)
Total comprehensive income attributable to :					
Shareholders of the Company		752,165,164.68	(214,930,389.85)	466,908,146.26	(228,888,585.73)
Non-controlling interests of the subsidiaries		(64,048.77)	-	-	-
Total comprehensive income for the year		752,101,115.91	(214,930,389.85)	466,908,146.26	(228,888,585.73)
Basic earnings (loss) per share	21	0.48	(0.12)	0.3	(0.14)

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, 2014

(Unit : Baht)

Notes	Issued and paid-up share capital	Premiums on share capital	Retained earnings		Total shareholders' equity the - Company	Non-controlling interests of subsidiaries	Total shareholders' equity
			Appropriated legal reserve	Unappropriated			
Balance as at January 1, 2013	1,305,839,127.00	1,020,000,000.00	142,667,000.00	3,867,239,901.98	6,335,746,028.98	-	6,335,746,028.98
Changes in shareholders' equity for the year 2013							
Dividend paid 18	-	-	-	(117,524,621.43)	(117,524,621.43)	-	(117,524,621.43)
Comprehensive income for the year	-	-	-	(214,930,389.85)	(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	-	6,003,291,017.70
Changes in shareholders' equity for the year 2014							
Increased capital by stock dividend 18	261,167,749.00	-	-	(261,167,749.00)	-	-	-
Dividend paid 18	-	-	-	(29,020,116.45)	(29,020,116.45)	-	(29,020,116.45)
Appropriated legal reserve 17	-	-	14,033,695.20	(14,033,695.20)	-	-	-
Changes in non-controlling interest of the subsidiaries	-	-	-	-	-	500,000.00	500,000.00
Comprehensive income for the year	-	-	-	752,165,164.68	752,165,164.68	(64,048.77)	752,101,115.91
Ending balance as at December 31, 2014	1,567,006,876.00	1,020,000,000.00	156,700,695.20	3,982,728,494.73	6,726,436,065.93	435,951.23	6,726,872,017.16

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, 2014

(Unit : Baht)

	Notes	Issued and paid-up share capital	Premiums on share capital	Retained earnings		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2013		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	18	-	-	-	(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
Changes in shareholders' equity for the year 2014						
Increased capital by stock dividend	18	261,167,749.00	-	-	(261,167,749.00)	-
Dividend paid	18	-	-	-	(29,018,720.02)	(29,018,720.02)
Appropriated legal reserve	17	-	-	14,033,695.20	(14,033,695.20)	-
Comprehensive income for the year		-	-	-	466,908,146.26	466,908,146.26
Ending balance as at December 31, 2014		1,567,006,876.00	1,020,000,000.00	156,700,695.20	763,228,078.53	3,506,935,649.73

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, 2014

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flow from operating activities				
Net profit (loss) before income tax	755,945,834.75	(241,237,045.89)	467,585,207.61	(262,692,066.26)
Adjustments to reconcile profit (loss) for cash received (used) from operations				
Reversal bad debts and doubtful debts	(4,929,037.45)	(1,886,442.94)	(1,346,000.00)	(595,176.29)
Loss on diminutions in the value of inventories (reversal)	(5,992,771.52)	(10,208,657.15)	(5,624,646.23)	3,395,559.36
Dividend income from subsidiaries	-	-	(376,448,604.55)	(78,697,405.80)
Depreciation	850,903,474.82	834,415,833.64	246,933,594.80	212,111,642.08
Amortized intangible assets	1,464,883.53	1,235,931.13	822,588.48	593,636.08
Loss from disposed and written-off assets	16,515,610.10	7,671,556.86	6,629.09	419,228.22
Unrealized (gain) loss on exchange rate	29,848.25	(11,737,044.76)	(236,992.24)	(808,630.65)
Employee benefits obligations	19,654,795.03	13,289,420.50	8,472,194.00	5,923,102.50
Interest income	(2,082,496.78)	(2,258,067.40)	(1,577,799.89)	(10,535,347.58)
Interest expenses	211,130,707.98	230,098,780.11	172,943,186.41	186,805,464.02
Profit from operation before changes in operating assets and liabilities	1,842,640,848.71	819,384,264.10	511,529,357.48	55,920,005.68
Operating assets (increase) decrease				
Trade and other receivable	(115,895,363.02)	162,378,740.60	(133,547,105.70)	(7,120,517.72)
Revenue Department receivable	(39,936,560.92)	3,622,300.12	(2,495,370.39)	(593,109.49)
Inventories	(433,213,766.69)	640,245,589.56	(145,843,590.94)	44,213,773.50
Maintenance supplies	(15,763,666.27)	(38,954,525.80)	(16,207,550.57)	(21,059,854.36)
Other non-current assets	2,969,490.31	254,319.43	3,228,897.76	77,227.49
Operating liabilities increase (decrease)				
Trade and other payable	161,241,939.86	(20,625,895.17)	207,708,257.93	238,605,593.65
Advances received from customers	(83,823,592.50)	179,227,665.68	6,528,741.41	8,963,781.47
Employee benefit obligations	(1,926,040.00)	(4,120,199.94)	(1,021,540.00)	(1,558,680.00)
Other non-current liabilities	(2,267,151.14)	8,612,696.67	(1,360,978.59)	8,379,729.50
Cash received from operation	1,314,026,138.34	1,750,024,955.25	428,519,118.39	325,827,949.72
Cash received from interest income	2,082,496.78	2,258,067.40	1,577,799.89	1,347,744.87
Cash paid for income tax	(2,359,693.18)	(9,080,184.63)	-	-
Net cash received from operating activities	1,313,748,941.94	1,743,202,838.02	430,096,918.28	327,175,694.59

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, 2014

(Unit : Baht)

Note	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
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
Cash paid for investment in a subsidiary company	-	-	(500,000.00)	-
Dividend income from subsidiaries	-	-	376,448,604.55	78,697,405.80
Cash paid for purchase of property, plant and equipment	(323,772,458.04)	(303,795,710.72)	(244,614,696.59)	(197,193,545.66)
Cash paid for interest expense include cost of asset	(1,847,117.94)	(30,753,066.38)	(1,847,117.94)	(30,753,066.38)
Cash received from sales of property, plant and equipment	1,675,271.03	1,536,261.17	380,000.00	1,027,663.54
Cash paid for purchase of intangible assets	(1,179,207.92)	(2,057,052.55)	(607,209.38)	(864,487.51)
Net cash received from (used in) investing activities	(325,123,512.87)	(335,069,568.48)	129,259,580.64	(139,898,427.50)
Cash flow from financing activities				
Increase(decrease) in short-term loans from financial institutions	(79,713,892.69)	(403,120,217.99)	155,000,000.00	(20,000,000.00)
Cash paid for short-term loans from related parties	-	-	699,000,000.00	40,000,000.00
Cash received from long-term loans from financial institutions	1,301,800,000.00	1,200,000,000.00	301,800,000.00	1,200,000,000.00
Cash paid for long-term loans from financial institutions	(1,806,800,000.00)	(1,658,800,000.00)	(1,396,800,000.00)	(1,128,800,000.00)
Cash paid for interest expenses	(212,398,893.78)	(230,675,685.87)	(162,281,626.94)	(180,621,348.75)
Dividend paid	(29,020,116.45)	(117,524,621.43)	(29,018,720.02)	(117,524,621.43)
Increase in non-controlling interest of the subsidiaries	500,000.00	-	-	-
Net cash used in financing activities	(825,632,902.92)	(1,210,120,525.29)	(432,300,346.96)	(206,945,970.18)
Cash and cash equivalent items increase (decrease)-net	162,992,526.15	198,012,744.25	127,056,151.96	(19,668,703.09)
Cash and cash equivalent items at the beginning of the year	529,309,569.06	331,296,824.81	157,877,994.26	177,546,697.35
Cash and cash equivalent items at the end of the year	22.1 692,302,095.21	529,309,569.06	284,934,146.22	157,877,994.26

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, 2014

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 51.65% 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 Sahawat 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, the Group Companies adopted a number of new and revised Thai financial reports standards (TFRS) and interpretations, issued by the FAP, that is effective for fiscal years beginning on or after January 1, 2014, as listed below.

Reference standard No.	Name
The Conceptual financial Reporting Standards (Revised 2014)	
<u>Thai Accounting Standards (TAS)</u>	
TAS No. 1 (Revised 2012)	Presentation of Financial Statements
TAS No. 7 (Revised 2012)	Statement of Cash Flows
TAS No. 12 (Revised 2012)	Income Taxes
TAS No. 17 (Revised 2012)	Leases
TAS No. 18 (Revised 2012)	Revenue
TAS No. 19 (Revised 2012)	Employee Benefits
TAS No. 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS No. 24 (Revised 2012)	Related Party Disclosures
TAS No. 28 (Revised 2012)	Investments in Associates
TAS No. 31 (Revised 2012)	Interests in Joint Venture
TAS No. 34 (Revised 2012)	Interim Financial Reporting
TAS No. 36 (Revised 2012)	Impairment of Assets
TAS No. 38 (Revised 2012)	Intangible Assets
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS No. 2 (Revised 2012)	Share-based Payment
TFRS No. 3 (Revised 2012)	Business Combinations
TFRS No. 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS No. 8 (Revised 2012)	Operating Segments
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
TFRIC No. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4	Determining Whether an Arrangement Contains a Lease
TFRIC No. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
<u>Thai Financial Reporting Interpretations (TFRIC) (Continue)</u>	
TFRIC No. 10	Interim Financial Reporting and Impairment
TFRIC No. 12	Service Concession Arrangement
TFRIC No. 13	Customer Loyalty Programmers
TFRIC No. 17	Distributions of Non-cash Assets to Owners
TFRIC No. 18	Transfers of Assets from Customers

Reference standard No.	Name
<u>Thai Accounting Standard Interpretations (TSIC)</u>	
TSIC No. 15	Operating Leases-Incentives
TSIC No. 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC No. 29	Service Concession Arrangement : Disclosure
TSIC No. 32	Intangible Assets-Website Costs

Accounting treatment guidance

Accounting treatment guidance for stock dividends

The adoption of these new and revised TFRS, Interpretation and Accounting Treatment Guidance relevant to the Group Companies in the preparation of the financial statements not have any significant impact on the financial statements for the period in which they are initially applied.

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

Reference standard No.	Name	Year effective
<u>Thai Accounting Standards (TAS)</u>		
TAS No. 1 (Revised 2014)	Presentation of Financial Statements	2015
TAS No. 2 (Revised 2014)	Inventories	2015
TAS No. 7 (Revised 2014)	Statement of Cash Flows	2015
TAS No. 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS No. 10 (Revised 2014)	Events after the Reporting Period	2015
TAS No. 11 (Revised 2014)	Construction Contracts	2015
TAS No. 12 (Revised 2014)	Income Taxes	2015
TAS No. 16 (Revised 2014)	Property, Plant and Equipment	2015
TAS No. 17 (Revised 2014)	Leases	2015
TAS No. 18 (Revised 2014)	Revenue	2015
TAS No. 19 (Revised 2014)	Employee Benefits	2015
TAS No. 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS No. 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS No. 23 (Revised 2014)	Borrowing Costs	2015
TAS No. 24 (Revised 2014)	Related Party Disclosures	2015
TAS No. 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS No. 27 (Revised 2014)	Separate Financial Statements	2015
TAS No. 28 (Revised 2014)	Investments in Associates and Joint Ventures	2015
TAS No. 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies	2015

Reference standard No.	Name	Year effective
<u>Thai Accounting Standards (TAS) (Continue)</u>		
TAS No. 33 (Revised 2014)	Earnings per Share	2015
TAS No. 34 (Revised 2014)	Interim Financial Reporting	2015
TAS No. 36 (Revised 2014)	Impairment of Assets	2015
TAS No. 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS No. 38 (Revised 2014)	Intangible Assets	2015
TAS No. 40 (Revised 2014)	Investment Property	2015
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS No. 2 (Revised 2014)	Share-based Payment	2015
TFRS No. 3 (Revised 2014)	Business Combinations	2015
TFRS No. 4 (Revised 2014)	Insurance Contracts	2015
TFRS No. 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS No. 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS No. 8 (Revised 2014)	Operating Segments	2015
TFRS No. 10	Consolidated Financial Statements	2015
TFRS No. 11	Joint Arrangements	2015
TFRS No. 12	Disclosure of Interests in Other Entities	2015
TFRS No. 13	Fair Value Measurement	2015
<u>Thai Accounting Standard Interpretations (TSIC)</u>		
TSIC 10 (Revised 2014)	Government Assistance-No Specific Relation to Operating Activities	2015
TSIC 15 (Revised 2014)	Operating Leases-Incentives	2015
TSIC 25 (Revised 2014)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (Revised 2014)	Service Concession Arrangements: Disclosures	2015
TSIC 31 (Revised 2014)	Revenue-Barter Transactions Involving Advertising Services	2015
TSIC 32 (Revised 2014)	Intangible Assets-Web Site Costs	2015
<u>Thai Financial Reporting interpretations (TFRIC)</u>		
TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (Revised 2014)	2015

Reference standard No.	Name	Year effective
Thai Financial Reporting interpretations (TFRIC) (Continue)		2015
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (Revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Revised 2014)	2015
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015

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 realizable 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 Companies' 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. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of five 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	
			2014	2013
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
PV Wood Co., Ltd.	Manufacture veneer on MDF boards	Thailand	50.00	-

- 3.2 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.
- 3.3 The Financial Statement of PV Wood Co., Ltd. is included in the consolidated financial statements in the fourth quarter of 2014, the Company invested in the subsidiary company which is established in 2014.
- 3.4 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 3.5 The accounting periods of subsidiary companies ended the same date as that of Vanachai Group Public Company Limited.
- 3.6 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.

4. Summary of significant accounting policies

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

- 4.1 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.
- 4.2 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.
- 4.3 Inventories are valued at lower of cost using the weighted average method or net realizable 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.

- 4.4 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.

- 4.5 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.
- 4.6 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 Companies' 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.

- 4.7 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.

- 4.8 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.

- 4.9 Trade and other accounts payable are shown at cost.
- 4.10 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.
- 4.11 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.

- 4.12 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.

- 4.13 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: -
- 4.13.1 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.
- 4.13.2 Dividend income is recognized as the revenue on the date the Group Companies has right to receive payments is established.
- 4.13.3 Interest and other income are recognized by accrual basis.
- 4.14 Expenses recognition are as follows :-
- 4.14.1 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.
- 4.14.2 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.
- 4.14.3 Other expenses are recognized by accrual basis.
- 4.15 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.

- 4.16 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.
- 4.17 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.
- 4.18 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.
- 4.19 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.
- 4.20 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.

5. 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:-

5.1 Inter-revenues and expenses

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Post dated cheques				
Woodtek International Co., Ltd.	-	-	5,842.20	-
Mae Yai Co., Ltd.	18,213,493.99	-	18,213,493.99	-
Total	18,213,493.99	-	18,219,336.19	-
Trade and other receivable				
- Trade receivable				
Particle Planner Co., Ltd.	-	-	18,593,881.13	99,766.80
Vanachai Chemical Industries Co., Ltd.	-	-	51,360.00	111,344.20
Mae Yai Co., Ltd.	62,170,767.47	24,810,306.69	42,792,444.73	24,456,115.29
Vanachai Veneer and Plywood Co., Ltd.	-	384,237.00	-	-
Woodland Co., Ltd.	9,689,672.83	22,867,483.60	8,260,982.08	22,237,424.80
Total	71,860,440.30	48,062,027.29	69,698,667.94	46,904,651.09
- Other receivable				
Particle Planner Co., Ltd.	-	-	4,461,890.22	-
Vanachai Chemical Industries Co., Ltd.	-	-	90,778.80	-
Vanachai Panel Industries Co., Ltd.	-	-	12,679,327.32	-
Woodtek International Co., Ltd.	-	-	80,353.29	22,871.26
Firstwood Co., Ltd.	876.33	851.99	876.33	851.99
Woodland Co., Ltd.	751,105.76	49,080.00	751,105.76	-
Total	751,982.09	49,931.99	18,064,331.72	23,723.25
- Accrued Income				
Mae Yai Co., Ltd.	193,840.92	223,510.63	-	-
Vanachai Veneer and Plywood Co., Ltd.	187,509.54	275,760.30	-	-
Woodland Co., Ltd.	156,854.62	241,195.93	-	-
Total	538,205.08	740,466.86	-	-
Total trade and other receivable	91,364,121.46	48,852,426.14	105,982,335.85	46,928,374.34
Short-term loans to related parties				
- Vanachai Panel Industries Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	-	550,000,000.00
Repayment	-	-	-	(550,000,000.00)
Ending balance	-	-	-	-

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Trade and other payable				
- Trade payable				
Particle Planner Co., Ltd.	-	-	17,799,019.70	87,099,730.20
Vanachai Chemical Industries Co., Ltd.	-	-	764,977,373.29	508,622,349.75
Vanachai Panel Industries Co., Ltd.	-	-	26,455.75	10,329,592.75
Mae Yai Co., Ltd.	789,668.56	322,566.48	789,668.56	322,566.48
Vanachai Veneer and Plywood Co., Ltd.	5,521,085.51	3,991,929.25	5,521,085.51	3,991,929.25
Rich Forest Co., Ltd.	6,768,199.40	5,886,429.52	6,768,199.40	5,886,429.52
Total	13,078,953.47	10,200,925.25	795,881,802.21	616,252,597.95
- Other payable				
Particle Planner Co., Ltd.	-	-	108,221,345.55	123,547,969.53
Vanachai Panel Industries Co., Ltd.	-	-	-	711,430.16
Woodtek International Co., Ltd.	-	-	2,830,439.74	1,904,138.87
Doctorwood Co., Ltd.	5,571,008.50	4,079,749.50	-	-
Firstwood Co., Ltd.	20,932.88	4,926.82	20,932.88	4,926.82
Vanachai Veneer and Plywood Co., Ltd.	9,362.50	150,088.90	-	-
Woodland Co., Ltd.	60,970.21	1,264,914.41	60,970.21	1,264,914.41
Total	5,662,274.09	5,499,679.63	111,133,688.38	127,433,379.79
- Accrued expenses				
Particle Planner Co., Ltd.	-	-	5,609,589.08	17,552,054.87
Vanachai Panel Industries Co., Ltd.	-	-	24,210,671.26	32,054.79
Firstwood Co., Ltd.	22,293.05	6,829.50	-	-
Total	22,293.05	6,829.50	29,820,260.34	17,584,109.66
Total trade and other payable	18,763,520.61	15,707,434.38	936,835,750.93	761,270,087.40
Short-term loans from related parties				
- 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	-	-	40,000,000.00	-
Addition	-	-	739,000,000.00	40,000,000.00
Repayment	-	-	(40,000,000.00)	-
Ending balance	-	-	739,000,000.00	40,000,000.00
Total short-term loan from related parties	-	-	919,000,000.00	220,000,000.00

As at December 31, 2014 and 2013, the Company loans from subsidiary company is in promissory note form at call and interest is carried by the rate of 3.25%-4.75% per annum and 3.25% per annum respectively.

5.2 Inter-revenues and expenses

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
Sales of goods				
Particle Planner Co., Ltd.	-	-	145,873,529.20	1,105,148.00
Vanachai Chemical Industries Co., Ltd.	-	-	493,605.00	383,560.00
Vanachai Panel Industries Co., Ltd.	-	-	-	176,368.00
Mae Yai Co., Ltd.	176,250,147.44	101,328,952.26	144,790,595.25	95,248,409.50
Vanachai Veneer and Plywood Co., Ltd.	2,792,256.96	4,862,342.93	-	1,586,640.00
Woodland Co., Ltd.	107,949,033.60	85,653,856.80	98,224,197.00	77,940,032.00
Total	286,991,438.00	191,845,151.99	389,381,926.45	176,440,157.50
Other incomes				
Particle Planner Co., Ltd.	-	-	14,691,863.25	10,674,261.15
Vanachai Chemical Industries Co., Ltd.	-	-	84,840.00	-
Vanachai Panel Industries Co., Ltd.	-	-	3,539,970.00	3,196.80
Woodtek International Co., Ltd.	-	-	320,129.25	250,657.75
Mae Yai Co., Ltd.	-	30,145.50	-	-
Firstwood Co., Ltd.	2,758,765.87	2,696,110.11	2,758,765.87	2,696,110.11
Total	2,758,765.87	2,726,255.61	21,395,568.37	13,624,225.81
Interest income				
Vanachai Panel Industries Co., Ltd.	-	-	-	9,187,602.73
Dividend income				
Particle Planner Co., Ltd.	-	-	-	17,499,951.00
Vanachai Chemical Industries Co., Ltd.	-	-	131,849,938.47	53,999,974.80
Vanachai Panel Industries Co., Ltd.	-	-	240,799,996.08	-
Woodtek International Co., Ltd.	-	-	3,798,670.00	7,197,480.00
Total	-	-	376,448,604.55	78,697,405.80
Purchase of goods				
Particle Planner Co., Ltd.	-	-	157,724,867.52	167,533,108.73
Vanachai Chemical Industries Co., Ltd.	-	-	1,177,746,916.07	796,293,203.51
Vanachai Panel Industries Co., Ltd.	-	-	3,496,285.00	32,481,277.00
Mae Yai Co., Ltd.	2,058,029.00	1,734,021.00	2,058,029.00	665,417.00
Vanachai Veneer and Plywood Co., Ltd.	21,551,263.00	14,110,263.00	21,402,113.00	7,928,225.00
Rich Forest Co., Ltd.	54,841,667.00	46,343,679.00	54,841,667.00	46,343,679.00
Total	78,450,959.00	62,187,963.00	1,417,269,877.59	1,051,244,910.24

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
<u>Other expenses</u>				
Particle Planner Co., Ltd.	-	-	14,956,919.98	3,602,520.77
Vanachai Chemical Industries Co., Ltd.	-	-	1,435,655.40	2,980,634.30
Vanachai Panel Industries Co., Ltd.	-	-	153,288.00	-
Woodtek International Co., Ltd.	-	-	25,192,452.06	20,244,060.82
Mae Yai Co., Ltd.	60,192.00	6,002.70	60,192.00	6,002.70
Doctorwood Co., Ltd.	41,006,004.00	33,918,250.00	-	-
Firstwood Co., Ltd.	21,716,894.32	21,861,863.67	13,604,532.32	13,818,812.28
Vanachai Veneer and Plywood Co., Ltd.	165,393.75	175,015.06	20,475.00	27,245.00
Woodland Co., Ltd.	7,149,705.00	6,970,118.84	7,149,095.00	6,970,118.84
Total	70,098,189.07	62,931,250.27	62,572,609.76	47,649,394.71
<u>Interest expenses</u>				
Particle Planner Co., Ltd.	-	-	5,850,000.04	5,517,123.32
Vanachai Panel Industries Co., Ltd.	-	-	25,779,164.40	32,054.79
Total	-	-	31,629,164.44	5,549,178.11

5.3 Management benefit expenses

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
Short-term employee benefits	78,462,959.00	67,975,879.00	22,894,025.00	19,637,280.00
Post-employment benefits	3,568,113.03	2,047,773.98	592,884.00	311,414.00
Total	82,031,072.03	70,023,652.98	23,486,909.00	19,948,694.00

5.4 Commitments with related parties

As at December 31, 2014 and 2013, 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, 2014 and 2013, two subsidiaries have performed leased contract of land, warehouse and office building in three contracts with 3 related companies for the period of 1 year with option to renew. Such subsidiaries constitute obligation commitment that has to repay leased fee by Baht 2.22 million per month for both years.

5.5 Pricing policies

Trading transaction	Pricing policy
Purchase-sale of goods	Cost+0% 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	3.25%-4.75% per annum

5.6 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
PV Wood Co., Ltd.	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

6. Trade and other receivable

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Trade receivable-related parties	71,860,440.30	48,062,027.29	69,698,667.94	46,904,651.09
Trade receivable-other parties	966,238,258.02	910,337,877.04	501,949,449.70	434,681,256.07
Post dated cheques-other parties	111,587,987.30	69,158,185.55	94,062,711.09	52,654,548.33
Returned cheques receivable	6,162,606.30	8,487,048.95	6,126,044.93	8,450,487.58
Total trade receivable	1,155,849,291.92	1,036,045,138.83	671,836,873.66	542,690,943.07
<u>Less</u> Allowance for doubtful debts	(21,992,126.37)	(30,235,875.03)	(9,087,315.86)	(11,411,758.51)
Total trade receivable-net	1,133,857,165.55	1,005,809,263.80	662,749,557.80	531,279,184.56

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Other receivable-related parties	751,982.09	49,931.99	18,064,331.72	23,723.25
Other receivable-other parties	15,260,296.21	15,086,268.45	5,021,188.46	6,395,521.10
Accrued income-related parties	538,205.08	740,466.86	-	-
Prepaid expenses	13,740,819.87	13,367,564.70	5,208,960.57	12,467,486.37
Deposits	477,682.24	5,188,633.57	477,682.24	5,188,633.57
Other	13,632,223.22	15,902,276.19	4,106,189.19	5,257,851.67
Total other receivable	44,401,208.71	50,335,141.76	32,878,352.18	29,333,215.96
<u>Less</u> Allowance for doubtful debts	(1,181,574.24)	(1,181,574.24)	-	-
Total other receivable-net	43,219,634.47	49,153,567.52	32,878,352.18	29,333,215.96
Total trade and other receivable	1,177,076,800.02	1,054,962,831.32	695,627,909.98	560,612,400.52

Outstanding trade receivable can be aged as follows:-

6.1 Trade receivable-related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Local trade receivable				
Within credit term	70,840,397.53	47,319,195.84	69,585,889.94	46,161,819.64
Overdue 1-90 days	1,020,042.77	742,831.45	112,778.00	742,831.45
Total	71,860,440.30	48,062,027.29	69,698,667.94	46,904,651.09

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

6.2 Trade receivable-other parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Within credit term	739,503,641.28	492,368,815.14	437,904,566.54	289,868,595.94
Overdue 1-90 days	320,793,710.37	435,789,096.98	154,281,790.07	191,222,237.95
Overdue 91-180 days	864,533.25	28,839,418.46	864,533.25	2,932,298.20
Overdue 181-270 days	806,740.41	337,039.29	-	202,190.41
Overdue over 270 days	22,020,226.31	30,648,741.67	9,087,315.86	11,560,969.48
Total	1,083,988,851.62	987,983,111.54	602,138,205.72	495,786,291.98
<u>Less</u> Allowance for doubtful debts	(21,992,126.37)	(30,235,875.03)	(9,087,315.86)	(11,411,758.51)
Net	1,061,996,725.25	957,747,236.51	593,050,889.86	484,374,533.47

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, 2014 was as follow: -

(Unit : Baht)

	Consolidated financial statement	Separate financial statement
Beginning balance	(30,235,875.03)	(11,411,758.51)
Collect during the year	4,929,037.45	1,346,000.00
Written-off bad debts during the year	3,314,711.21	978,442.65
Ending balance	(21,992,126.37)	(9,087,315.86)

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

7. Inventories

Consisted of:-

(Unit : Baht)

	Consolidated financial statements					
	As at December 31, 2014			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	781,057,432.25	(12,283,374.84)	768,774,057.41	486,213,239.14	(18,276,146.36)	467,937,092.78
Work in process	251,194,720.32	-	251,194,720.32	179,285,368.55	-	179,285,368.55
Raw materials	410,486,147.47	-	410,486,147.47	337,042,086.24	-	337,042,086.24
Supplies	138,685,660.10	-	138,685,660.10	112,090,341.75	-	112,090,341.75
Goods in transit	35,615,270.10	-	35,615,270.10	69,194,427.87	-	69,194,427.87
Total	1,617,039,230.24	(12,283,374.84)	1,604,755,855.40	1,183,825,463.55	(18,276,146.36)	1,165,549,317.19

(Unit : Baht)

	Separate financial statements					
	As at December 31, 2014			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	329,960,252.89	(4,287,821.25)	325,672,431.64	247,768,545.71	(9,912,467.48)	237,856,078.23
Work in process	153,378,578.93	-	153,378,578.93	126,988,052.34	-	126,988,052.34
Raw materials	64,360,271.86	-	64,360,271.86	56,362,670.26	-	56,362,670.26
Supplies	48,201,359.97	-	48,201,359.97	18,937,604.40	-	18,937,604.40
Total	595,900,463.65	(4,287,821.25)	591,612,642.40	450,056,872.71	(9,912,467.48)	440,144,405.23

Movement for allowance for decline in value of inventories for the year ended December 31, 2014 was as follows:-

(Unit : Baht)

	Consolidated financial statement	Separate financial statement
Beginning balance	(18,276,146.36)	(9,912,467.48)
Reversal during the year	5,992,771.52	5,624,646.23
Ending balance	(12,283,374.84)	(4,287,821.25)

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2014	2013	2014	2013
Cost of inventory record as expense and include in the cost of goods sold				
- Cost of goods sold	8,343,573,167.06	7,250,987,617.84	3,962,548,394.61	2,826,142,471.12
- Written down value to net realizable value (reversal)	(5,992,771.52)	(10,208,657.15)	(5,624,646.23)	3,395,559.36
Net	8,337,580,395.54	7,240,778,960.69	3,956,923,748.38	2,829,538,030.48

8. Investments in subsidiary companies

Consisted of:-

(Unit : Baht)

Name of companies	Separate financial statements						
	Paid-up share capital	Percentage of Shareholding(%)		Investment cost method As at December 31,		Dividend For the year ended December 31,	
	(Unit : Thousand Baht)	2014	2013	2014	2013	2014	2013
Vanachai Panel Industries Co., Ltd.	4,300,000	99.99	99.99	4,299,999,930.00	4,299,999,930.00	240,799,996.08	-
Particle Planner Co., Ltd.	250,000	99.99	99.99	249,999,300.00	249,999,300.00	-	17,499,951.00
Vanachai Chemical Industries Co., Ltd.	150,000	99.99	99.99	149,999,930.00	149,999,930.00	131,849,938.47	53,999,974.80
Woodtek International Co., Ltd.	2,000	99.97	99.97	1,999,300.00	1,999,300.00	3,798,670.00	7,197,480.00
PV Wood Co., Ltd.	1,000	50.00	-	500,000.00	-	-	-
Total				4,702,498,460.00	4,701,998,460.00	376,448,604.55	78,697,405.80

Movement for investment in a subsidiary company for the year ended December 31, 2014 was as follows :-

(Unit : Baht)

	Consolidated financial statement
Beginning balance	4,701,998,460.00
Invested in PV Wood Co., Ltd.	500,000.00
Ending balance	4,702,498,460.00

9. 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
Cost:								
As at January 1, 2013	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
Purchase	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
Interest expenses capitalized to cost of asset	-	-	-	-	-	-	30,753,066.38	30,753,066.38
Transfer in	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
Transfer out	-	-	(20,995,838.88)	(3,376,195.90)	(167,806.63)	(104,540.65)	(1,265,368,272.97)	(1,290,012,655.03)
Sale/Written-off	-	(1,215,000.00)	(21,613,092.56)	(9,410,791.00)	(515,914.13)	(448,715.47)	-	(33,203,513.16)
As at December 31, 2013	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
Purchase	2,368,421.52	2,426,955.80	210,589,060.91	21,299,844.87	16,780,643.68	5,604,056.03	87,040,244.01	346,109,226.82
Interest expenses capitalized to cost of asset	-	-	-	-	-	-	1,847,117.94	1,847,117.94
Transfer in	1,754,443.39	69,745,702.60	127,584,419.95	683,823.36	1,198,617.52	256,696.88	12,192,729.73	213,416,433.43
Transfer out	-	(56,532.23)	(32,021,066.09)	-	(712,459.34)	(41,151.86)	(180,585,223.91)	(213,416,433.43)
Sale/Written-off	-	(5,290.00)	(33,504,410.32)	(8,971,033.11)	(1,574,761.62)	(2,726,490.32)	-	(46,781,985.37)
As at December 31, 2014	518,589,776.73	2,300,786,927.64	16,911,987,515.24	305,396,996.78	298,437,020.83	108,314,877.92	59,006,769.66	20,502,519,884.80
Accumulated Depreciation :								
As at January 1, 2013	-	(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)
Depreciation for the year	-	(56,513,820.72)	(729,351,329.23)	(24,766,083.50)	(18,188,842.07)	(5,595,758.12)	-	(834,415,833.64)
Sale/Written-off	-	1,014,596.70	13,491,551.10	8,606,031.62	515,889.11	367,626.60	-	23,995,695.13
As at December 31, 2013	-	(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)
Depreciation for the year	-	(64,957,498.90)	(739,825,684.50)	(22,046,987.79)	(18,717,365.25)	(5,355,938.38)	-	(850,903,474.82)
Sale/Written-off	-	2,210.92	16,363,666.49	7,929,948.18	1,568,972.42	2,726,306.23	-	28,591,104.24
As at December 31, 2014	-	(936,089,743.33)	(9,754,428,478.51)	(223,399,131.09)	(248,669,251.77)	(96,023,075.18)	-	(11,258,609,679.88)
Book Value :								
As at December 31, 2013	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
As at December 31, 2014	518,589,776.73	1,364,697,184.31	7,157,559,036.73	81,997,865.69	49,767,769.06	12,291,802.74	59,006,769.66	9,243,910,204.92
The depreciation in the statement of comprehensive income								
For the year ended December 31, 2013								834,415,833.64
For the year ended December 31, 2014								850,903,474.82

	Separate financial statements							Total
	Land and land improvements	Building Improvements factory building and construction	Machines and equipment	Vehicles	Tools	Furniture and office equipment	Construction in progress	
Cost:								
As at January 1, 2013	292,168,672.69	494,517,144.86	3,945,518,372.49	40,371,221.78	130,907,827.13	26,943,195.25	1,132,018,884.96	6,062,445,319.16
Purchase	2,294,496.30	590,037.26	36,236,983.87	6,213,005.00	7,001,229.19	123,327.00	148,117,470.16	200,576,548.78
Interest expenses capitalized to cost of asset	-	-	-	-	-	-	30,753,066.38	30,753,066.38
Transfer in	302,940.00	324,829,722.03	928,988,614.64	6,183,947.66	2,839,984.76	104,540.65	6,380,754.19	1,269,630,503.93
Transfer out	-	-	(20,995,838.88)	(3,376,195.90)	(167,806.63)	(104,540.65)	(1,244,986,121.87)	(1,269,630,503.93)
Sale/Written-off	-	-	(8,032,824.31)	(5,659,755.00)	(348,542.13)	(221,550.00)	-	(14,262,671.44)
As at December 31, 2013	294,766,108.99	819,936,904.15	4,881,715,307.81	43,732,223.54	140,232,692.32	26,844,972.25	72,284,053.82	6,279,512,262.88
Purchase	2,368,421.52	2,421,665.80	168,609,571.60	4,759,394.74	6,598,829.92	3,522,355.87	57,878,762.89	246,159,002.34
Interest expenses capitalized to cost of asset	-	-	-	-	-	-	1,847,117.94	1,847,117.94
Transfer in	1,754,443.39	67,850,608.44	39,678,695.63	-	1,198,617.52	41,151.86	12,192,729.73	122,716,246.57
Transfer out	-	(56,532.23)	(32,021,066.09)	-	(689,641.58)	(41,151.86)	(89,907,854.81)	(122,716,246.57)
Sale/Written-off	-	-	(3,059,494.97)	(1,941,895.13)	-	-	-	(5,001,390.10)
As at December 31, 2014	298,888,973.90	890,152,646.16	5,054,923,013.98	46,549,723.15	147,340,498.18	30,367,328.12	54,294,809.57	6,522,516,993.06
Accumulated Depreciation :								
As at January 1, 2013	-	(231,686,040.94)	(2,973,249,863.20)	(20,193,992.41)	(106,319,253.85)	(22,460,957.52)	-	(3,353,910,107.92)
Depreciation for the year	-	(16,613,927.78)	(180,568,280.68)	(5,872,866.45)	(7,929,194.08)	(1,127,373.09)	-	(212,111,642.08)
Sale/Written-off	-	14,261.99	7,138,549.46	5,092,892.10	348,531.13	221,545.00	-	12,815,779.68
As at December 31, 2013	-	(248,285,706.73)	(3,146,679,594.42)	(20,973,966.76)	(113,899,916.80)	(23,366,785.61)	-	(3,553,205,970.32)
Depreciation for the year	-	(25,684,700.96)	(206,298,884.88)	(5,024,236.36)	(8,662,980.41)	(1,262,792.19)	-	(246,933,594.80)
Sale/Written-off	-	-	2,909,625.98	1,705,135.03	-	-	-	4,614,761.01
As at December 31, 2014	-	(273,970,407.69)	(3,350,068,853.32)	(24,293,068.09)	(122,562,897.21)	(24,629,577.80)	-	(3,795,524,804.11)
Book Value :								
As at December 31, 2013	294,766,108.99	571,651,197.42	1,735,035,713.39	22,758,256.78	26,332,775.52	3,478,186.64	72,284,053.82	2,726,306,292.56
As at December 31, 2014	298,888,973.90	616,182,238.47	1,704,854,160.66	22,256,655.06	24,777,600.97	5,737,750.32	54,294,809.57	2,726,992,188.95
The depreciation in the statement of comprehensive income								
For the year ended December 31, 2013								212,111,642.08
For the year ended December 31, 2014								246,933,594.80

For the years ended December 31, 2014 and 2013 the borrowing cost is included as part of cost of construction in progress in the amount of Baht 1.85 million and Baht 30.75 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, 2014 and 2013, in the consolidated financial statements the Group Companies had the assets which had not the depreciation but they still used. The cost price was Baht 2,978.03 million, the book value was Baht 9.28 million and the cost price was Baht 2,970.22 million, the book value was Baht 7.62 million respectively.

As at December 31, 2014 and 2013, in the separate financial statements the Company had the assets which had not the depreciation but they still used. The cost price was Baht 1,821.94 million, the book value was Baht 4.93 million and the cost price was Baht 1,677.20 million, the book value was Baht 3.03 million respectively.

As at December 31, 2014 and 2013, the Group Companies has pledged the part of land, property and machinery with the book value stated in the consolidated financial statements of Baht 6,604.58 million and Baht 8,027.78 million respectively and in the separate financial statements of Baht 2,139.50 million and Baht 2,308.03 million respectively, to guarantee against credit facility of the Company that receives from commercial banks and financial institutions according to the notes to financial statements No. 12 and 14. Furthermore, part of land as at December 31, 2014 and 2013 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, 2014 and 2013, 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 years.

10. Intangible assets

(Unit : Baht)

	Consolidated financial statements			
	Software	Developing program	License	Total
Cost:				
As at January 1, 2013	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
Purchase	858,346.05	320,861.87	-	1,179,207.92
As at December 31, 2014	2,378,346.05	2,035,914.42	16,553,150.80	20,967,411.27
Amortized :				
As at January 1, 2013	(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)
Amortized for the year	(451,213.48)	-	(1,013,670.05)	(1,464,883.53)
As at December 31, 2014	(1,590,152.95)	-	(14,835,419.76)	(16,425,572.71)
Book value :				
As at December 31, 2013	381,060.53	1,715,052.55	2,731,401.09	4,827,514.17
As at December 31, 2014	788,193.10	2,035,914.42	1,717,731.04	4,541,838.56
The amortized in the statement of comprehensive income				
For the year ended December 31, 2013				1,235,931.13
For the year ended December 31, 2014				1,464,883.53

(Unit : Baht)

	Separate financial statements			
	Software	Developing program	License	Total
Cost:				
As at January 1, 2013	1,178,000.00	-	3,713,750.00	4,627,375.00
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	5,491,862.51
Purchase	419,800.00	187,409.38	-	607,209.38
As at December 31, 2014	1,939,800.00	709,896.89	3,713,750.00	6,099,071.89
Amortized :				
As at January 1, 2013	(916,678.39)	-	(2,539,594.52)	(3,191,897.91)
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)	(3,785,533.99)
Amortized for the year	(451,213.48)	-	(371,375.00)	(822,588.48)
As at December 31, 2014	(1,590,152.95)	-	(3,282,344.52)	(4,608,122.47)
Book value :				
As at December 31, 2013	381,060.53	522,487.51	802,780.48	1,706,328.52
As at December 31, 2014	349,647.05	709,896.89	431,405.48	1,490,949.42
The amortized in the statement of comprehensive income				
For the year ended December 31, 2013				593,636.08
For the year ended December 31, 2014				822,588.48

11. Deferred tax assets

Deferred tax assets and liabilities as at December 31, 2014 and 2013 were as follows:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Deferred tax assets	123,649,474.63	125,658,381.84	63,898,708.76	64,575,770.11
Deferred tax liabilities	-	-	-	-
Net	123,649,474.63	125,658,381.84	63,898,708.76	64,575,770.11

Movements in total deferred tax assets for the years ended December 31, 2014 and 2013 were as follows:-

(Unit : Baht)

	Consolidated financial statement			Separate financial statement		
	As at January 1, 2014	(Charged)/ credited to profit or loss (Note 20)	As at December 31, 2014	As at January 1, 2014	(Charged)/ credited to profit or loss (Note 20)	As at December 31, 2014
Deferred tax assets						
Trade receivable	4,940,597.17	(1,597,575.99)	3,343,021.18	2,416,015.67	(598,552.50)	1,817,463.17
Inventories	1,062,451.20	(155,131.60)	907,319.60	983,649.44	(170,200.13)	813,449.31
Employee benefit obligations	24,138,895.92	2,602,503.08	26,741,399.00	14,176,105.00	1,490,130.80	15,666,235.80
Loss carry forward	95,516,437.55	(2,858,702.70)	92,657,734.85	47,000,000.00	(1,398,439.52)	45,601,560.48
Total	125,658,381.84	(2,008,907.21)	123,649,474.63	64,575,770.11	(677,061.35)	63,898,708.76

(Unit : Baht)

	Consolidated financial statement				Separate financial statement			
	As at January 1, 2013	(Charged)/ credited to profit or loss (Note 20)	(Charged)/ credited to profit or loss (Note 20)	As at December 31, 2013	As at January 1, 2013	(Charged)/ credited to profit or loss (Note 20)	(Charged)/ credited to profit or loss (Note 20)	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

As at December 31, 2014 and 2013, the Group Companies had temporary differences mainly arising from the unutilized tax losses carry forward totaling Baht 157.38 million and Baht 208.47 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).

12. Short-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Bank overdrafts	2,104.97	472,540.36	-	-
Trust receipt	437,062,454.96	372,305,912.26	-	-
Promissory note	1,160,000,000.00	1,304,000,000.00	660,000,000.00	505,000,000.00
Total	1,597,064,559.93	1,676,778,452.62	660,000,000.00	505,000,000.00

As at December 31, 2014 and 2013, the Group Companies held bank overdrafts, trust receipt, letters of credit and promissory note facilities from several financial institutions as mentioned in the notes to financial statements No. 24.1 which bearing the interest rates at 2.35%-7.38% per annum and 2.27%-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. 9. 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. 14. In addition, under conditions of the trust receipt agreement. The subsidiary company would receive imported goods by using credit facility from financial institution, thus the subsidiary company has obligation to that financial institution for the value of imported goods, both being stored or already sold.

13. Trade and other payable

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Trade payable-related parties	13,078,953.47	10,200,925.25	795,881,802.21	616,252,597.95
Trade payable-other parties	467,533,504.66	423,342,862.10	57,308,912.57	72,010,763.02
Other payable-related parties	5,662,274.09	5,499,679.63	111,133,688.38	127,433,379.79
Other payable-other parties	237,917,322.24	210,129,410.49	81,642,075.98	71,094,379.04
Accrued expenses-related parties	22,293.05	6,829.50	29,820,260.34	17,584,109.66
Accrued expenses-other parties	276,334,342.21	172,383,243.82	111,005,814.63	63,634,132.76
Others	7,568,678.96	4,093,934.77	3,430,312.11	2,413,969.33
Total	1,008,117,368.68	825,656,885.56	1,190,222,866.22	970,423,331.55

14. Long-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Long-term loan (Credit line of Baht 2,700 million)	-	405,000,000.00	-	405,000,000.00
Long-term loan (Credit line of Baht 1,235 million)	-	247,000,000.00	-	247,000,000.00
Long-term loan (Credit line of Baht 284 million)	170,400,000.00	227,200,000.00	170,400,000.00	227,200,000.00
Long-term loan (Credit line of Baht 1,150 million)	750,000,000.00	1,035,000,000.00	750,000,000.00	1,035,000,000.00
Long-term loan (Credit line of Baht 1,000 million)	805,000,000.00	950,000,000.00	805,000,000.00	950,000,000.00
Long-term loan (Credit line of Baht 1,450 million)	-	260,000,000.00	-	-
Long-term loan (Credit line of Baht 1,200 million)	840,000,000.00	1,080,000,000.00	840,000,000.00	1,080,000,000.00
Long-term loan (Credit line of Baht 1,000 million)	850,000,000.00	-	-	-
Long-term loan (Credit line of Baht 150 million)	124,800,000.00	-	124,800,000.00	-
Long-term loan (Credit line of Baht 200 million)	159,000,000.00	-	159,000,000.00	-
Total	3,699,200,000.00	4,204,200,000.00	2,849,200,000.00	3,944,200,000.00
Less Current portion	(1,052,800,000.00)	(1,638,800,000.00)	(762,800,000.00)	(1,378,800,000.00)
Net	2,646,400,000.00	2,565,400,000.00	2,086,400,000.00	2,565,400,000.00

Movement for the year ended December 31, 2014 was as follows:-

(Unit : Baht)

	Consolidated financial statement	Separate financial statements
Book value at the beginning of the year	4,204,200,000.00	3,944,200,000.00
Proceed during the year	1,301,800,000.00	301,800,000.00
Repaid during the year	(1,806,800,000.00)	(1,396,800,000.00)
Book value at the end of the year	3,699,200,000.00	2,849,200,000.00

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
Within 1 year	1,052,800,000.00	1,638,800,000.00	762,800,000.00	1,378,800,000.00
Over 1 year to 5 years	2,646,400,000.00	2,565,400,000.00	2,086,400,000.00	2,565,400,000.00
Total	3,699,200,000.00	4,204,200,000.00	2,849,200,000.00	3,944,200,000.00

Long-term loans of the Group Companies are bearing the floating interest rate as at December 31, 2014 and 2013, the interest rates are 2.76%-5.00% per annum and 3.22%-5.25% 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 (December 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).
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.	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.
8.	1,000.00	- Principal is repayable quarterly commencing from June 2014 to September 2017, for 14 installments, for the 1 st -4 th installments at Baht 50.00 million per installment, and for the 5 th -14 th installments at Baht 80.00 million per installment.
9.	150.00	- Principal is repayable quarterly commencing from September 2014 to June 2019, for 16 installments, for the 1 st -15 th installments at Baht 9.00 million per installment, and payment of all rest for the final installment.
10.	200.00	- Principal is repayable quarterly commencing from December 2015 to December 2019, for 20 installments at Baht 10.00 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. 9 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.

Other material compliance with contract

- The Company and its subsidiary have to maintain debt to equity ratio not more than 1.25-2.5 to 1 and not less than zero for the subsidiary.
- The Company has to maintain current ratio not lower than 1.0 of the consolidated financial statement at the end of year.
- The Company shall not pay dividend exceed 70% of net profit.
- The Company has to maintain debt service coverage ratio of the consolidated financial statement at the end of year are as follows:-
 - a. In 2014 not lower than 1.0.
 - b. In 2015 onwards not lower than 1.10.
- The Company has to maintain debt service coverage ratio of the separate financial statement since the first quarter of 2015 not lower than 1.00.
- 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.

15. Employee benefit obligations

As at December 31, 2014 and 2013, 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, 2014 and 2013 were as follows :-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Employee benefit obligations as at January 1,	155,655,197.00	117,593,679.44	70,880,525.00	54,352,170.50
Current service cost	13,252,691.03	9,158,076.50	5,649,888.00	4,051,062.50
Interest cost	6,402,104.00	4,131,344.00	2,822,306.00	1,872,040.00
Benefit paid	(1,926,040.00)	(4,120,199.94)	(1,021,540.00)	(1,558,680.00)
Total	173,383,952.03	126,762,900.00	78,331,179.00	58,716,593.00
Actuarial losses arising from defined benefit plan	-	28,892,297.00	-	12,163,932.00
Employee benefit obligations as at December 31,	173,383,952.03	155,655,197.00	78,331,179.00	70,880,525.00

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,			
	2014	2013	2014	2013
Beginning balance	28,892,297.00	-	12,163,932.00	-
Recognized during the year	-	28,892,297.00	-	12,163,932.00
Ending balance	28,892,297.00	28,892,297.00	12,163,932.00	12,163,932.00

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31			
	2014	2013	2014	2013
<u>Recognized in profit or loss:</u>				
Cost of sales	13,687,216.00	9,072,967.52	6,265,661.00	3,974,488.50
Administrative expenses	2,399,466.00	2,168,679.00	1,613,649.00	1,637,200.00
Management benefit expense	3,568,113.03	2,047,773.98	592,884.00	311,414.00
Total	19,654,795.03	13,289,420.50	8,472,194.00	5,923,102.50
<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, 2014 and 2013 are as follows:-

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Discount rate at the end of the period	4.3%	4.3%	4.3%	4.3%
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%

16. Share capital

The movement of share capital for the year ended on December 31, 2014 is as follows:-

	Number of share (Unit : share)	Amount (Unit : Baht)
Registered share capital (Baht 1.00 per share)		
As at January 1, 2014	1,425,839,127	1,425,839,127.00
Decreased shares during the period	(120,000,000)	(120,000,000.00)
Increased shares during the period	261,167,825	261,167,825.00
As at December 31, 2014	1,567,006,952	1,567,006,952.00
Issued and paid-up share capital (Baht 1.00 per share)		
As at January 1, 2014	1,305,839,127	1,305,839,127.00
Increased shares during the period	261,167,749	261,167,749.00
As at December 31, 2014	1,567,006,876	1,567,006,876.00

In accordance to the minutes of the extraordinary shareholders' meeting No.1/2557, held on October 6, 2014, the significant resolutions are as follows:-

- Approved a decrease of its registered capital and the amendment to Clause 4 of the memorandum of association from Baht 1,425,839,127 to Baht 1,305,839,127 by cancelling an aggregate number of 120,000,000 unissued ordinary shares with Baht 1 par value per share.
- Approved an increase of its registered capital and the amendment to Clause 4 of the memorandum of association from Baht 1,305,839,127 to Baht 1,567,006,952 by issuing an aggregate number of 261,167,825 new ordinary shares with Baht 1 par value per share to accommodate the stock dividends not exceeding 261,167,825 shares.
- Approved the allocation of not exceeding 261,167,825 new ordinary shares with Baht 1 par value per share to accommodate the stock dividends.

The Company has registered of the decrease and increase of registered capital and the corresponding amendments to Clause 4 of the Memorandum of Association with the Ministry of Commerce on October 13 and 14, 2014 respectively.

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, 2014 and 2013, in the consolidated financial statements, debt to equity ratio is 0.98 : 1.00 and 1.18 : 1.00 respectively and the separate financial statements, debt to equity ratio is 1.63 : 1.00 and 1.87 : 1.00 respectively.

17. Premium on ordinary shares and legal reserve

Premium on ordinary shares

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account. Premium on ordinary shares is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (if any), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution. In 2014, the company appropriated legal reserve from the profit of the year in amount of Baht 14.30 million.

18. Dividend paid

In accordance to the minutes of the extraordinary shareholders' meeting No.1/2557, held on October 6, 2014, the significant resolutions are as follows:-

- Approved the declaration of interim dividends in both shares and cash as follow :
 1. Stock dividends for a sum not exceeding 261,167,825 shares with Baht 1 par value per shares at the ratio of 5 existing shares to 1 stock dividend for a total not exceeding Baht 261,167,825 or Baht 0.20 per share. Fraction of shares will not be issued and will be paid in cash instead at Baht 0.20 per share.
 2. Cash dividends at Baht 0.022222222222 per share, totaling not exceeding Baht 29,018,647.27.

All dividends shall be subject to deduction for withholding tax under applicable laws. The dividend payment shall be made by October 28, 2014.

The minutes of annual general shareholders' meeting in 2013 dated on April 23, 2013 was unanimously approved the dividend payment from the Company's performance in 2012 at Baht 0.09 per share, which the dividend payment dated on May 14, 2013.

19. Expenses by nature

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
Change in finished goods and work in process	(372,883,785.52)	617,600,597.79	(114,269,006.47)	28,823,457.84
Raw material and supplied used	4,863,872,140.51	3,463,019,844.81	2,762,825,874.48	1,806,258,605.11
Energy cost	1,415,063,680.78	1,055,454,021.10	524,926,263.62	361,768,623.87
Management benefit expenses	82,031,072.03	70,023,652.98	23,486,909.00	19,948,694.00
Employee related expenses	849,196,475.88	756,296,023.27	378,590,394.46	309,790,677.70
Depreciation and amortization expenses	847,607,571.42	816,871,394.31	246,871,089.97	210,824,963.11
Transportation expenses	794,168,526.23	624,701,213.00	179,512,689.01	117,002,275.45
Repair expenses	437,815,644.33	345,252,969.80	150,862,630.76	109,197,612.21
Financial cost	212,977,825.91	233,108,785.09	174,790,304.35	186,805,464.02
Other Expenses	931,256,383.94	787,740,745.81	194,434,200.65	165,434,166.71
Total	10,061,105,535.51	8,770,069,247.96	4,522,031,349.83	3,315,854,540.02

The management benefit expense included the directors' remuneration benefits paid to the directors of the Company as per Section 90 of the Public Limited Company Act excluding salaries and related fringe benefits paid to directors who are the executives of the Company for the year ended December 31, 2014 and 2013 amount of Baht 4.71 million and Baht 3.60 million respectively.

20. Income tax expenses (revenues)

Income tax recognized in profit and loss for the year ended December 31, 2014 and 2013 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,			
	2014	2013	2014	2013
Current tax expenses	1,835,811.63	1,949,080.86	-	-
Deferred tax expenses (Note 11)				
Movements in temporary differences	2,008,907.21	8,936,132.35	667,061.35	(45,961,803.21)
Income tax rate reduction	-	(61,302,384.45)	-	2,427,177.08
Income tax expenses (revenues)	3,844,718.84	(50,417,171.24)	667,061.35	(43,534,626.13)

Income tax is recognized in other comprehensive income:

(Unit : Baht)

	(Amount in Lakhs)			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
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, 2014 and 2013 as follows: -

(Unit : Baht)

	Separate financial statements					
	2014	Total	2013	Total		
Accounting profit before tax	48,714,521.33	418,870,686.28	467,585,207.61	(65,815,124.39)	(196,876,941.87)	(262,692,066.26)
Applicable tax rate	0%	20%		0%	20%	
Accounting profit (loss) before tax multiplied by applicable tax rate	-	83,774,137.26	83,774,137.26	-	(39,375,388.37)	(39,375,388.37)
Adjustment in respect of current income tax of previous year effects of changes in the applicable tax rates effects of:						
Dividend	-	(75,289,720.91)	(75,289,720.91)	-	(15,739,481.16)	(15,739,481.16)
Employee benefits	-	1,353,952.40	1,353,952.40	-	792,732.80	792,732.80
Loss brought forward	-	(9,691,694.93)	(9,691,694.93)	-	53,316,974.95	53,316,974.95
Others	-	(146,673.82)	(146,673.82)	-	1,005,161.78	1,005,161.78
Total		-	-	-	-	-
Effects of charges in the applicable tax rates effects of	-	-	-	-	2,427,177.08	2,427,177.08
Changes in temporary differences	-	677,061.35	677,061.35	-	(45,961,803.21)	(45,961,803.21)
Income tax expenses (revenues) reported in comprehensive income statement	-	677,061.35	677,061.35	-	(43,534,626.13)	(43,534,626.13)

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. Royal Decree No. 577 B.E. 2557 dated November 10, 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after January 1, 2015.

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

21. 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,			
	2014	2013	2014	2013
Profit (loss) for the years (Unit : Baht)	752,165,164.68	(190,819,874.65)	466,908,146.26	(219,157,440.13)
The number of issued and paid-up ordinary shares (Unit : Shares)	1,567,006,876	1,567,006,876	1,567,006,876	1,567,006,876
Earnings (loss) per share (Baht/share)	0.48	(0.12)	0.30	(0.14)

22. Supplement disclosures of cash flow information

22.1 Cash and cash equivalent items

Consisted of:-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
Cash	3,356,702.32	4,243,432.82	2,176,139.22	2,913,224.03
Saving accounts	686,163,404.21	474,386,391.97	281,299,746.43	127,484,191.91
Current accounts	2,781,988.68	50,679,744.27	1,458,260.57	27,480,578.32
Total	692,302,095.21	529,309,569.06	284,934,146.22	157,877,994.26

22.2 Non-cash items

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2014	2013	2014	2013
Written-off doubtful accounts to bad debts	3,314,711.21	680,089.84	978,442.65	668,319.84
Purchase assets but not yet paid	22,336,768.78	6,158,923.20	1,544,305.75	3,383,003.12
Actuarial losses arising from defined benefit plan	-	28,892,297.00	-	12,163,932.00
Appropriated legal reserve	14,033,695.20	-	14,033,695.20	-

23. 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, 2014 and 2013 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net sales-domestic	4,084.38	3,270.08	2,441.50	1,766.91	71.63	67.27	(2,842.14)	(2,021.06)	3,755.37	3,083.20
Net sales-export	6,995.38	5,397.59	-	-	-	-	-	-	6,995.38	5,397.59
Total	11,079.76	8,667.67	2,441.50	1,766.91	71.63	67.27	(2,842.14)	(2,021.06)	10,750.75	8,480.79
Profit (loss) from operation	1,178.96	65.64	191.02	40.69	5.83	7.19	(406.88)	(121.65)	968.92	(8.13)
Financial cost									(212.98)	(233.11)
Income tax (expenses)										
revenues									(3.84)	50.42
Comprehensive income for the year									752.10	(190.82)
Property, plant and equipment									9,243.91	9,765.05
Depreciation									850.90	834.42
Total assets									13,344.95	13,090.99

24. Obligations and contingent liabilities

Apart from liabilities reflected in the statements of financial position as at December 31, 2014 and 2013, the Group Companies held other obligations as follows:-

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

	Currency (Unit : Million)	Consolidated financial statements					
		As at December 31, 2014			As at December 31, 2013		
		Total	Utilized	Available	Total	Utilized	Available
Letters of guarantee	Baht	229.00	110.01	118.99	229.00	103.33	125.67
Letters of credit and trust receipt	Baht	2,376.93	498.85	1,878.08	2,190.00	377.47	1,812.53
Bank overdrafts	Baht	325.00	-	325.00	353.00	0.47	352.53
Short-term loans	Baht	3,520.00	1,160.00	2,360.00	3,520.00	1,304.00	2,216.00
Forward foreign exchange contract	Baht	3,154.00	-	3,154.00	3,154.00	-	3,154.00
Forward foreign exchange contract	USD	19.00	-	19.00	19.00	-	19.00
Packing credit	Baht	110.00	-	110.00	110.00	-	110.00

	Currency (Unit : Million)	Separate financial statements					
		As at December 31, 2014			As at December 31, 2013		
		Total	Utilized	Available	Total	Utilized	Available
Letters of guarantee	Baht	60.00	16.75	43.25	60.00	12.77	47.23
Letters of credit and trust receipt	Baht	371.93	61.79	310.14	1,485.00	5.16	1,479.84
Bank overdrafts	Baht	120.00	-	120.00	120.00	-	120.00
Short-term loans	Baht	1,210.00	660.00	550.00	1,210.00	505.00	705.00
Forward foreign exchange contract	Baht	1,400.00	-	1,400.00	1,400.00	-	1,400.00
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. 12.

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

Currency (Unit : Million)	Consolidated financial statements					
	As at December 31, 2014			As at December 31, 2013		
	Contractual amount	Paid	Outstanding contractual obligation	Contractual amount	Paid	Outstanding contractual obligation
Baht	-	-	-	147.13	128.52	18.61
EUR	-	-	-	1.08	0.97	0.11

24.3 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.

24.4 As at December 31, 2014 and 2013, two subsidiaries have entered vehicle lease respectively with 4 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,	
	2014	2013
Due within 1 year	12,083,000.00	14,113,000.00
Due over 1 year but not over 3 years	14,079,000.00	15,225,000.00
Total	26,162,000.00	29,338,000.00

25. 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.

25.1 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, 2014 and 2013, 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:-

Currency (Unit : Thousand)	As at December 31, 2014			
	Consolidated financial statement		Separate financial statement	
	Asset	Liability	Asset	Liability
USD	9,605	33,465	1,728	11
EURO	-	3,634	-	118
YEN	-	451	-	451
SWEDEN	-	16	-	-

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

							(Unit : Baht)
Consolidated financial statement							
As at December 31, 2013							
Fixed interest rate							
Within 1 year	Within 1 year to 5 years	More than 5 years	Floating interest rate	No interest bearing	Total	Interest rate	
						(% per annum)	
Financial assets							
Cash and cash equivalent items	-	-	-	474,386,391.97	54,923,177.09	529,309,569.06	0.00-0.75
Trade and other receivable	-	-	-	-	1,054,962,831.32	1,054,962,831.32	-
	-	-	-	474,386,391.97	1,109,886,008.41	1,584,272,400.38	
Financial liabilities							
Bank overdrafts	-	-	-	472,540.36	-	472,540.36	7.38
Trust receipt	-	-	-	372,305,912.26	-	372,305,912.26	2.27-3.10
Promissory notes	1,304,000,000.00	-	-	-	-	1,304,000,000.00	3.10-3.25
Trade and other payable	-	-	-	-	825,656,885.56	825,656,885.56	-
Long-term loans from financial institutions	1,638,800,000.00	2,565,400,000.00	-	-	-	4,204,200,000.00	3.22-5.25
	2,942,800,000.00	2,565,400,000.00	-	372,778,452.62	825,656,885.56	6,706,635,338.18	

(Unit : Baht)

Separate financial statement As at December 31, 2014							
Fixed interest rate							Interest rate
Within 1 year	Within 1 year to 5 years	More than 5 years	Floating interest rate	No interest bearing	Total		
							(% per annum)
Financial assets							
Cash and cash equivalent items	-	-	-	281,299,746.43	3,634,399.79	284,934,146.22	0.00-0.50
Trade and other receivable	-	-	-	-	695,627,909.98	695,627,909.98	-
	-	-	-	281,299,746.43	699,262,309.77	980,562,056.20	
Financial liabilities							
Promissory notes	660,000,000.00	-	-	-	-	660,000,000.00	2.55-3.15
Short-term loans from subsidiaries	919,000,000.00	-	-	-	-	919,000,000.00	3.25-4.75
Trade and other payable	-	-	-	-	1,190,222,866.22	1,190,222,866.22	-
Long-term loans from financial institutions	762,800,000.00	2,086,400,000.00	-	-	-	2,849,200,000.00	3.38-5.00
	2,341,800,000.00	2,086,400,000.00	-	-	1,190,222,866.22	5,618,422,866.22	

(Unit : Baht)

Separate financial statement As at December 31, 2013							
Fixed interest rate							Interest rate
Within 1 year	Within 1 year to 5 years	More than 5 years	Floating interest rate	No interest bearing	Total		
							(% per annum)
Financial assets							
Cash and cash equivalent items	-	-	-	127,484,191.91	30,393,802.35	157,877,994.26	0.00-0.75
Trade and other receivable	-	-	-	-	560,612,400.52	560,612,400.52	-
	-	-	-	127,484,191.91	591,006,202.87	718,490,394.78	
Financial liabilities							
Promissory notes	505,000,000.00	-	-	-	-	505,000,000.00	3.05-3.25
Short-term loans from subsidiaries	220,000,000.00	-	-	-	-	220,000,000.00	3.25
Trade and other payable	-	-	-	-	970,423,331.55	970,423,331.55	-
Long-term loans from financial institutions	1,378,800,000.00	2,565,400,000.00	-	-	-	3,944,200,000.00	3.92-5.25
	2,103,800,000.00	2,565,400,000.00	-	-	970,423,331.55	5,639,623,331.55	

25.3 Risk on credit provision

The Group Companies have credit provision low risk where the credits are available to the trade accounts receivable. Because the foreign sales for the years ended December 31, 2014 and 2013, which equal to 65.07% and 63.64% 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 34.93% and 36.36% 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.

25.4 Fair value

The financial assets and liabilities include cash and cash equivalent items, trade receivable and payable, other receivable and payable and loans from related parties. Their carried values approximate to their fair values.

26. 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, 2014	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.30,2013 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, 2014	Categ. 6.15 Production of paper fiber	Mar. 1, 2014	Feb. 28, 2022

The details of the operating results of the promoted and non-promoted businesses in separate financial statements are as follows: -

(Unit : Baht)

	For the year ended December 31, 2014		
	Activities with Investment Promotional benefits	Activities without Investment Promotional benefits	Total
Revenue from sales	1,765,655,091.47	2,819,434,961.63	4,585,090,053.10
Cost of sales	(1,498,218,838.62)	(2,458,704,909.76)	(3,956,923,748.38)
Gross profit	267,436,252.85	360,730,051.87	628,166,304.72
Dividend income from subsidiaries	-	376,448,604.55	376,448,604.55
Gain from exchange rate	828,737.79	10,020,585.17	10,849,322.96
Other income	-	17,228,576.83	17,228,576.83
Profit before expenses	268,264,990.64	764,427,818.42	1,032,692,809.06
Selling expenses	(61,301,977.39)	(164,404,200.83)	(225,706,178.22)
Administrative expenses	(64,181,625.18)	(100,429,493.70)	(164,611,118.88)
Financial cost	(94,066,866.74)	(80,723,437.61)	(174,790,304.35)
Total expenses	(219,550,469.31)	(345,557,132.14)	(565,107,601.45)
Profit before income tax	48,714,521.33	418,870,686.28	467,585,207.61
Income tax expenses	-	(677,061.35)	(677,061.35)
Profit for the year	48,714,521.33	418,193,624.93	466,908,146.26

(Unit : Baht)

	For the year ended December 31, 2013		
	Activities with Investment Promotional benefits	Activities without Investment Promotional benefits	Total
Revenue from sales	752,429,504.32	2,181,863,921.59	2,934,293,425.91
Cost of sales	(712,157,043.67)	(2,117,380,986.81)	(2,829,538,030.48)
Gross profit	40,272,460.65	64,482,934.78	104,755,395.43
Dividend income from subsidiaries	-	78,697,405.80	78,697,405.80
Gain from exchange rate	2,356,568.23	7,419,515.06	9,776,083.29
Other income	-	30,395,558.76	30,395,558.76
Profit before expenses	42,629,028.88	180,995,414.40	223,624,443.28
Selling expenses	(22,540,239.30)	(131,356,476.15)	(153,896,715.45)
Administrative expenses	(38,310,780.22)	(107,303,549.85)	(145,614,330.07)
Financial cost	(47,593,133.75)	(139,212,330.27)	(186,805,464.02)
Total expenses	(108,444,153.27)	(377,872,356.27)	(486,316,509.54)
Loss before income tax	(65,815,124.39)	(196,876,941.87)	(262,692,066.26)
Income tax revenues	-	43,534,626.13	43,534,626.13
Loss for the year	(65,815,124.39)	(153,342,315.74)	(219,157,440.13)

Revenue from sales and cost of sales of the Company segregated between promoted and non-promoted businesses and the Company apportioned other income, selling and administrative expenses and financial cost, which could not specify clearly that they were income and expenses of business receiving promotional or non-promoted privileges, in accordance to total revenues from sales.

27. Approval of financial statements

These consolidated and separate financial statements were authorized for issue by the Company's authorized director on February 25, 2015.

Remuneration to Auditors

- a) Company and company has a remuneration to auditor total Baht 2,653,000.
- b) Other Services
 - As condition to verity of promote and total amount Baht 205,000.



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Vanachai Group Public Company Limited



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