

# ANNUAL REPORT 2010

GLOBAL CONNECTIONS PUBLICS COMPANY LIMITED



GLOBAL  
CONNECTIONS  
PUBLIC COMPANY LIMITED







*“Your best partner for solution and service in Industrial raw material Supply”*

*OUR VISION*

## Content

1. GENERAL INFORMATION	5
2. FINANCIAL SUMMARY	7
3. MESSAGE FROM THE CHAIRMAN	9
4. BUSINESS CHARACTERS	11
5. REVENUE STRUCTURE	15
6. COMPANY BACKGROUND	17
7. INDUSTRY OVERVIEWS	19
8. RISK FACTORS	25
9. SHAREHOLDER STRUCTURE AND DIVIDEND POLICY	29
10. MANAGEMENT STRUCTURE AND DIRECTORS	31
11. THE PRINCIPLES OF CORPORATE GOVERNANCE	57
12. CORPORATE SOCIAL RESPONSIBILITIES	67
13. RELATED TRANSACTIONS	69
14. DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION	73
15. AUDIT COMMITTEE'S REPORT YEAR 2010	77
16. STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS	79
17. FINANCIAL STATEMENT YEAR 2010	81





Location

Near Customer Base

No Time Limit

Efficiency Transportation



## GENERAL INFORMATION

### Corporate Information

Company Name	Global Connections Public Company Limited ("The company" or "GC")
Symbol	GC
Business	Distributing agent of plastic, petrochemical and additive, which are used in petrochemical and plastic transformation process
Head office	13/1 Moo 2 Kingkaew Rd., Rachateva, Bangplee, Samuthprakarn 10540 , Thailand
Home Page	<a href="http://www.gc.co.th">http://www.gc.co.th</a>
Telephone	+66 (0)2763-7921, +66 (0)2763-7999, +66 (0)2763-7923-42
Facsimile	+66 (0)2763-7949, +66 (0)2312-4880-1
Investor Relations	+66 (0)2763-7999 ต่อ 201 – 204
Registration Number	0107574800153
Establishment Date	27 <sup>th</sup> September 1994
Date of registration Public Company	17 <sup>th</sup> March 2005
Stock Listed Date	6 <sup>th</sup> December 2005
Juristic person that are being hold more than 10% of their paid-up capital	None
Registered and Up Capital	200,000,000 Baht
Number of Ordinary Shares	200,000,000 Shares

### Reference

Registrars	Thailand Securities Depository Co., LTD. Capital Market Academy Building, 2 <sup>nd</sup> FL 2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Rd., Tung Song Hong, Laksi, Bangkok, 10210, Thailand Tel. +66 (0)2596-9000 Fax. +66 (0)2832-4994
Auditor	Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. +66 (0)2264-0777 Fax. +66 (0)2264-0789





# Human Resource

Efficiency

Happiness

Life



## FINANCIAL SUMMARY

2

	2008	2009	2010
<b>FINANCIAL STATUS (MILLION BAHT)</b>			
Current Assets	610	676	866
Total Assets	772	828	1,018
Current Liabilities	413	429	593
Total Liabilities	421	433	598
Shareholder's Equity	351	395	419
<b>OPERATING RESULT (MILLION BAHT)</b>			
Sale Revenues	3,410	2,647	3,662
Gross Profit	242	188	269
Operating Profit	127	128	172
Net Profit	77	96	124
<b>FINANCIAL RATIOS</b>			
Return on Asset (%)	8.91	12.04	13.46
Return on Equity (%)	21.35	25.82	30.51
Net Profit Margin (%)	2.24	3.64	3.39
Current Ratio (Times)	1.48	1.58	1.46
Debt to Equity Ratio (Times)	1.20	1.10	1.43
Book Value per Share (Baht)	1.75	1.98	2.10
Net Profit Per share (Baht)	0.38	0.48	0.62





# Corporate Value

Ethics

Integrity

Professional



## MESSAGE FROM THE CHAIRMAN

3

The continuing success of Global Connections Public Company Limited is a solid proof of strength in our business. On behalf of the Board of Directors, I would like to express my gratitude to our shareholders and our customers for their trust and support. Grateful thanks go to financial Institutes who strongly support our working capital. Sincere thanks extend to our staffs for their contributions and efforts. Owing to our efficient and hard working forces the profit of the company rises to Baht 124 million in 2010 compared to Baht 96 million in 2009, this equals to 29% increased. Global Connections has carefully revised and devised its business operation approaches to focus on strengthen the internal fundamental in order to achieve a long term benefit and added value to our business

The trend of plastics and petrochemical business shows continuing grow in line with their related industries, i.e.: automotive, electrical and electronic as well as construction. We have expanded sale of additional products such as Synthetic Rubber and other additive materials. This year we have signed distribution agreement with BST Elastomers Co.,Ltd., the largest producer of Synthetic Rubbers, Butadiene Rubber(BR) and Styrene Butadiene Rubber (SBR) in Asia, from this agreement, we can expect higher in sale revenue next year. Nevertheless, we continue to emphasize on total solution services and improving efficiency in all aspects, such as, providing advice to our customers on market situation, new technology and developments from overseas, human resources development, create good relationship and trust with our counterparts







The company continues to emphasize on good corporate governance. For the year 2010, our company again was rated as “Excellent” (5 STARS) for corporate governance (CG) by the Institute of Directorship (IOD). In addition our company was evaluated on quality arrangement for the annual general shareholders meeting (AGM) as “Very Good” by Thai Investors Association (TIA). These reflect that our company has been maintaining high level of transparency in business operation. Not only emphasize on good corporate governance, the company also keeps the policy of striving towards business excellence without neglecting our environment, society and community

Yours sincerely

(Mr. Virah Mavichak)

Chairman of the Board



## BUSINESS CHARACTER

4

The Global Connections Public Company Limited (the Company or GC) is the distributing agent of plastic, petrochemical and additive, which are used in petrochemical and plastic transformation process. The company is the distributing agent for 27 companies, which are both domestics and foreign companies leading in petrochemical and plastic resins products in terms of production capacity and technology such as SCG Plastics Co., Ltd. (a subsidiary owned 100 percent by Siam Cement Pcl), Thai Plastic and Chemical Pcl, ExxonMobile Chemical, DuPont Performance Polymers, Siam Polystyrene Co., Ltd, Chi Mei Corporation, and etc. By this reason, the Company is considered to be the Thai distributor who provides the most variety petrochemical and plastic related products for Thailand.

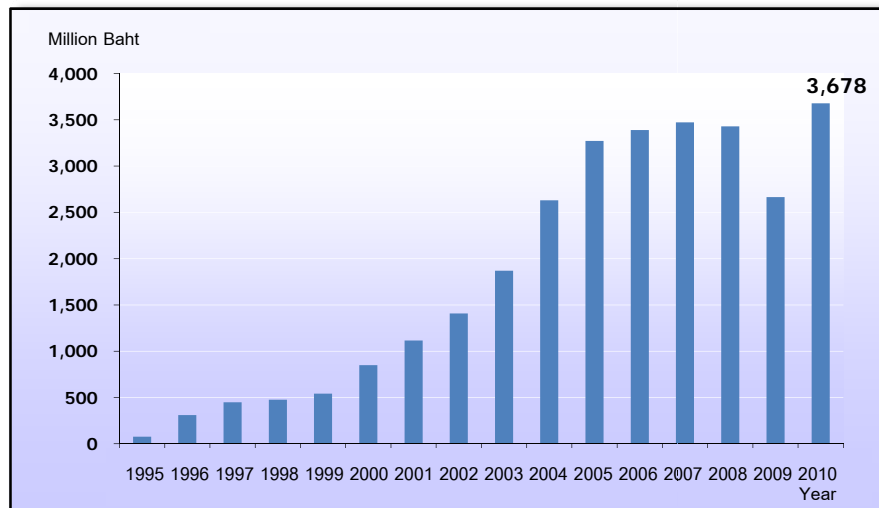
The Company was established on September 27, 1994 by five experienced founders who each has been working in petrochemical industry for more than 20 years with the company initial registered capital of 2 million Baht and began fully commercial on April 1, 1995. The knowledge and experience of founders coincided with the rapid emerging petrochemical industry in Thailand created the rapid growth for the Company. The sale amount in the year 2010 was 3,662 million Baht or 38% increase from the year 2009.

The vision of the Company is to be the best partner for solutions and service in industrial raw material. The company does not only be the distributor for various products in petrochemical and plastic industry, but also be the provider for knowledge and technology to customers/end users in order to form long term strategic partnership with the customers as well as the suppliers.





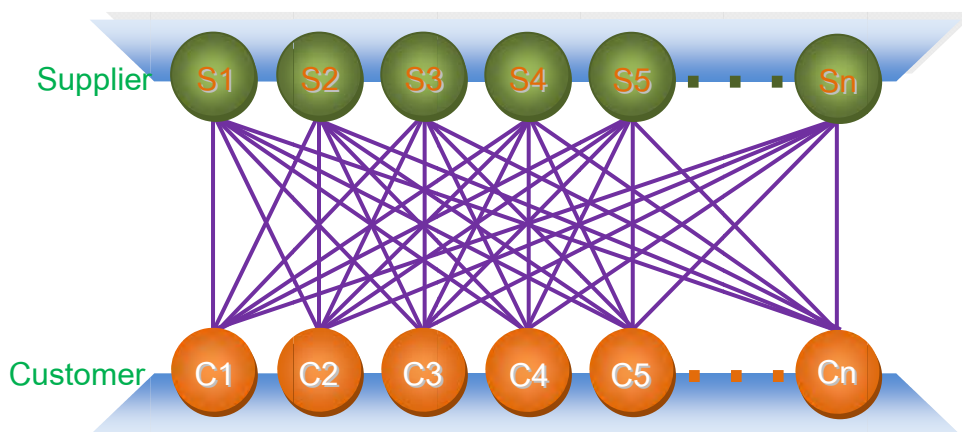
### Company's revenue growth from 1995-2010



### Role of Distributing Agent

In general, big producers such as ExxonMobil, Eastman, and Chi Mei and others in Petrochemical industry do not distribute their products by themselves because of the scatter location of end-users, high costs of each trade transaction. Furthermore, end-users of plastic are mostly used the variety of plastic raw material in the production process. As end-users perspective, it is too complicated to directly buy each raw material from each producers. The picture below shows transaction without role of distributing agent.

### Trade transaction without distributing agent





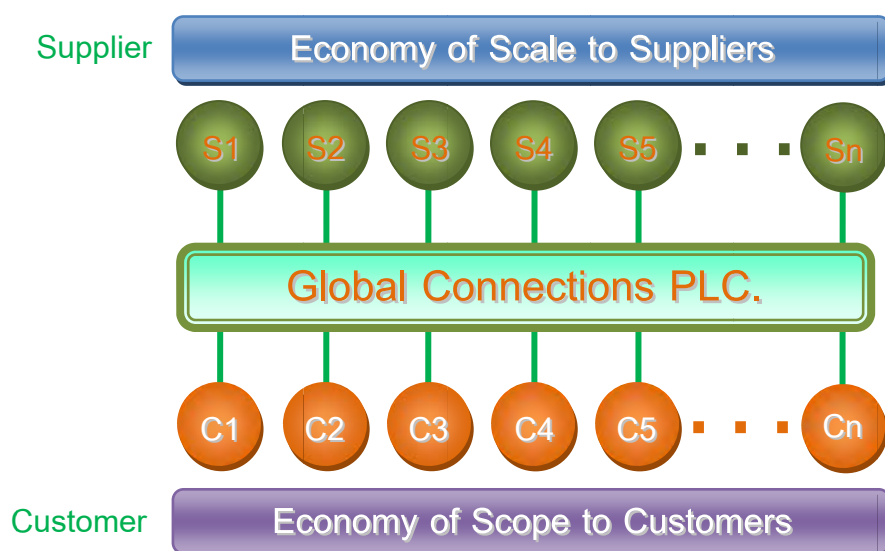


The essential of distributing agents for petrochemical industry is to connect the combined product ranges from the various producers to serve the various needs of end-users/ customers, and to minimize logistic cost of each transaction. The company can deliver value added to both suppliers and customers by satisfy economy of scope to the number of customers/ end-users and satisfy economy of scale to big producers simultaneously

The next picture shows role and benefit of distributing agent in petrochemical industry which is similar to role of distribution channel for consumer products which regularly generate trade transaction at the supermarket or hyperstore such as TescoLotus, Makro, and BigC.

In addition, the barrier for new entry in petrochemical distributing agent is that the petrochemical producers usually appoint only one or two distributing agents in each country as general practice.

#### Role and benefit of distributing agent







# Corporate Value

Focus

Partnership

Strive for Better

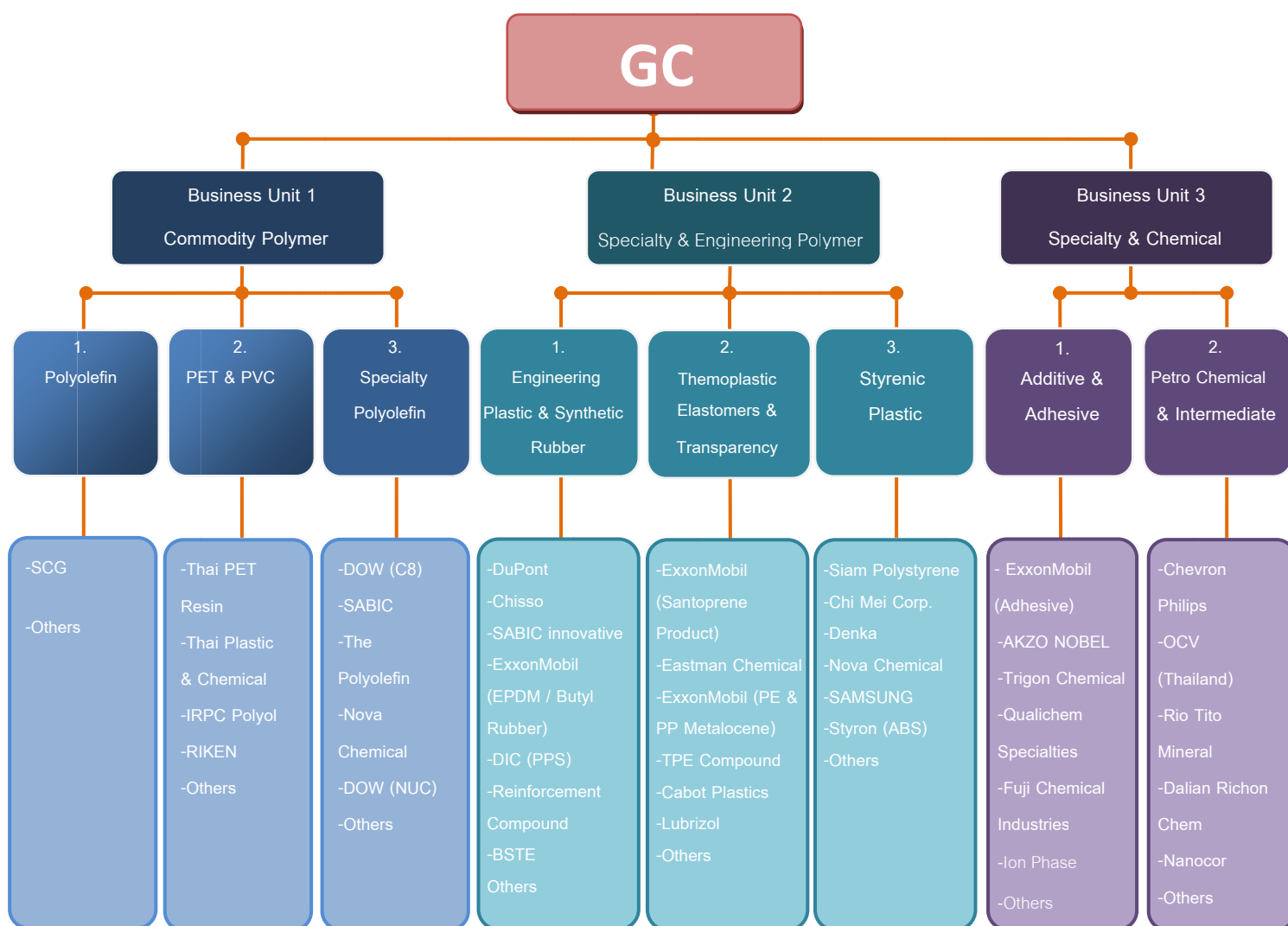
# REVENUE STRUCTURE

5

The Company's main business can be categorized into three business-units.

1. Business Unit 1: Commodity Polymer Business Unit
2. Business Unit 2: Specialty and Engineering Polymer Business Unit
3. Business Unit 3: Specialty Chemical Business Unit

## Organizational Structure by Business Units



The Company's product ranges from commodity polymer, specialty and engineering polymer to special additive chemical which contribute high profit margin, Global Connections PCL is one of the only two Thai distributors variety of product ranges from common commodity grades polymers to special grade polymers. The Company's revenue 3,678 million Baht in 2010 contributed from Commodity Polymer (B.U.1) 66% (or 2,425 million Baht), Specialty & Engineering Polymer (B.U.2) 29.2% (or 1,074 million Baht), Specialty Chemical (B.U.3) 4.4% (or 162 million Baht) and from other income 0.4% (or 16 million Baht)



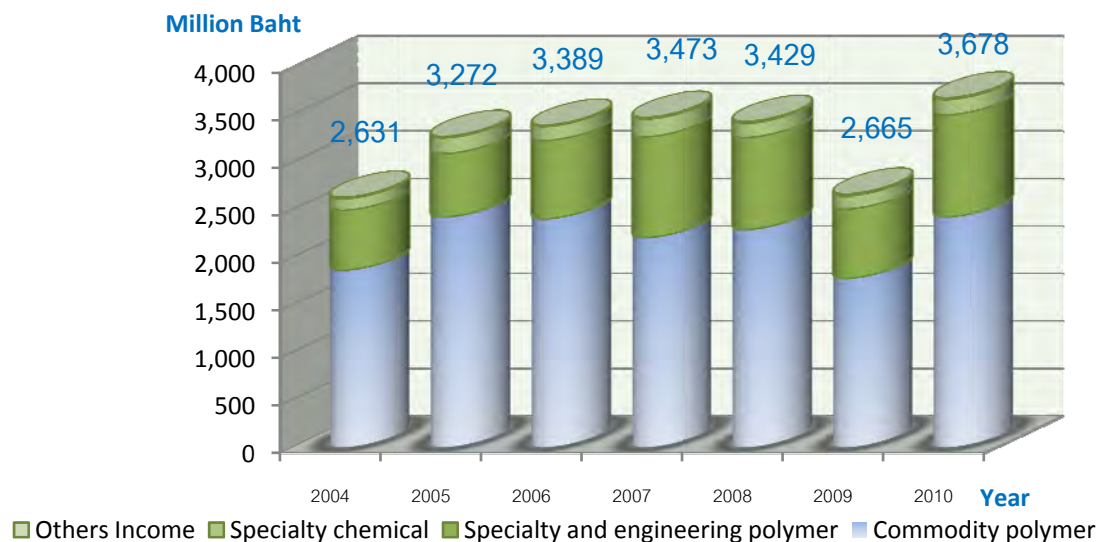


Due to global economic turbulence in 2009 especially the automotive and electronics industries which were severely impact. So we get back to focus on commodity plastic which less impact. However the company still focus to expand market in Specialty Product units which contribute better profit margin and depended largely on technical support when economic recovery, Specialty product growth from 391 million Baht in the year 2002 to 1,236 million Baht in the year 2010.

#### COMPANY REVENUES STRUCTURE 2008 -2010: BREAK DOWN BY BUSINESS UNITS

REVENUE STRUCTURE	2008		2009		2010	
	Amount (Mil THB)	%	Amount (Mil THB)	%	Amount (Mil THB)	%
Commodity polymer	2,293.1	66.9	1,778.9	66.7	2,425.4	65.9
Specialty and engineering polymer	968.2	28.2	730.4	27.4	1,074.1	29.2
Specialty chemical	148.7	4.3	138.1	5.2	162.3	4.4
Total Sale Revenue	3,410.0	99.4	2,647.4	99.3	3,661.8	99.5
Other income <sup>1</sup>	18.8	0.6	17.5	0.7	16.5	0.5
Total Revenue	3,428.8	100.0	2,664.9	100.0	3,678.3	100
Growth rate	-1.27%		-22.3 %		38.0%	

**Remark:** <sup>1</sup>Other income included commission income from oversea suppliers, interest income, gain on foreign exchange and gain on disposal asset.



## COMPANY BACKGROUND

6

- 1994** GC was established with initial registered capital of 2 million Baht on September 27, 1994.
- 1995** GC was appointed to be HDPE distributing agent of Bangkok Polyethylene Pcl. and increased its registered and paid-up capital to 5 million Baht
- 1996** GC was appointed to be distributing agent of SCG Plastics Co., Ltd. (former CCC Chemical Commerce Co., Ltd., a subsidiary of Siam Cement Pcl.) by beginning as a 17th company sale ranking. Moreover GC was appointed to be distributing agent of Eastman Chemical, which was the start of specialty product distribution. GC increased its registered and paid-up capital to 10 million Baht.
- 1997** GC increased its paid-up capital to 20 million Baht to support the company expansion and sales turnover. GC was appointed to be distributing agent of DuPont Performance Polymers which is the world's largest producer of Polyamide66 or Nylon 66. As well as appointed to be distributing agent for Chi Mei Corporation which is the world's largest manufacturer of the ABS.
- 1998** GC was appointed to be distributing agent of Ciba (Singapore) Pte Ltd. In 2009, CIBA was acquired by BASF (Thailand) Co., Ltd., the world's class producer of additives chemical for plastic and was appointed to be agent of Owen Corning Australia PTY (In 2009 Owen merged with Gobain's Reinforcement and changed its name to OCV Reinforcement Co., Ltd), producer of glass fiber. GC also increased its paid-up capital to 30 million Baht.
- 1999** GC was appointed to be distributing agent of Siam Polystyrene (Thailand) Co., Ltd. (Dow Chemical Thailand), and was appointed to be distributing agent for Cabot Plastic Hong Kong Ltd., which is the world's largest manufacturer of masterbatch and Carbon Black. GC was increased its paid up capital to 50 million Baht and sale revenue over 500 Million Baht
- 2000** GC was appointed to be distributing agent of Advanced Elastomer Systems (AES), presently acquainted by ExxonMobil, which is the world's largest manufacturer of rubber compound (Thermoplastic Elastomer) PP. GC expanded financial resources from 3 to 6 commercial banks enabling the Company to expand customers with the total sale from 542 million Baht in year 1999 to 849 million Baht in year 2000 or increased by 57%
- 2001** GC increased its paid-up capital to 80 million Baht to support the company expansion with the total sale revenue 1,116 million Baht. GC increased its paid up capital to 100 million Baht and moved its warehouse to Kingkaew road. GC was appointed to be distributing agent of Thai Plastic and Chemical Pcl.





- 2003** Increased paid up capital to 100 million baht and relocate our warehouse to current location on Kingkaew road, which is the strategic location because this location is near customers base and High efficiency in transportation due to Transportation from Suppliers.
- We have signed distribution agreement with Thai Plastic and Chemicals (TPC) the largest manufacturer of polyvinyl chloride polymer (PVC) in Asian
- 2004** GC was appointed to be distributing agent of ExxonMobil and Rio Tinto Mineral Asia Pte., Ltd., the company moved the headquarters to Kingkaew road to facilitate the operation. The company paid dividends 78 million Baht and increased its paid-up capital to 155 million Baht.
- 2005** In March, GC was transformed to public company limited, increased its paid-up capital to 200 million Baht and changed its par value to 1 Baht per share with the intention to implement an IPO of 45 million shares. (1.1 million shares for ESOP at book value of 1.03 Baht per share and the remain 43.9 million shares for IPO) GC common stock was IPO and listed in The Stock Exchange of Thailand since 6 December 2005
- 2006** GC was appointed to be distributing agent of Nanocor Inc. which is a producer of additive chemical.
- 2007** GC signed a contract which is a financial support for dealer financing with Kasikorn Bank in K > Dealer Financing Program on June 6, 2007. This program will support GC's customer working capital credit facilities
- GC celebrated 10th Anniversary Strategic Partnership with DuPont on September 13, 2007 at Sukhothai Hotel.
- 2008** GC was connected to be distributing agent of DIC International Chemicals PTE LTD. for PPS (Polyphenylene Sulfide) which is used to replace metal in Automotive industries and E/E industries.
- 2009** GC was appointed to be distributing agent for additive chemical of AKZO NOBEL POLYMER CHEMICALS BV. which is AKZO NOBEL group of companies in the Netherlands.
- 2010** GC was appointed to be distributing agent of BST Elastomers Co., Ltd. for Polybutadiene Rubber and Styrene Butadiene Rubber. At the same time, the company was terminated agency agreement of BASF due to overlap in some product group. However, the company has contracted with new supplier, Qualichem Specialties to replace those products.

## INDUSTRY OVERVIEWS

7

Regarding to Global Connections Public Company Limited's business characteristic as a distributing agent of plastics and petrochemical products, the company's performance is directly related to plastic product and petrochemical industry. The Office of Industrial Economics reports situations of both industries as the followings. (Access on January 9, 2010)

### Plastics Industry

#### Overall Situation of plastic industry

Plastic Industry is considered to be the main important of Thailand economic development. Plastic industry creates more revenue and employment in economic system. The plastic industry survey in 2010 found that there are approximately 3,500 factories in Thailand. Most manufactures or around 80% are small and medium size companies and most of them are located in Bangkok and perimeter area whereas the rest locates all around the country. The most of plastic finished products consist of plastic bag and Monofilament/ Yarn, film sheet, auto parts, electronics and electrical appliances, and etc. All finished plastic products are produce to serve both domestic demand and also direct and indirect export.

#### Production

Thailand demand of polymer plastic

Unit: '000 MT						
Product	2005	2006	2007	2008	2009	2010*
PE, PP, PVC, PS+EPS, ABS/SAN	2,709	2,841	2,900	2,758	2,828	2,910

Source: Petroleum Institute of Thailand

Remark\* Estimated number for 2010

PE = Polyethylene

PP = Polypropylene PVC = Poly Vinyl Chloride

PS/EPS = Polystyrene

ABS/SAN = Acrylonitrile Butadiene Styrene

Plastics resin consumption reflects plastic industry production. Due to economic growth consecutively since Q 1-3 of 2010 and good sign of economic direction in 2011 with GDP forecast around 4%. Good economic will support growth of consumption and production. Plastic industry is supporting industries to other main industries such as automotive, packaging, E&E and etc, so plastic industry analysis can be considered via monitoring related industries.





## Plastic Industries Trend in 2011

There are some points to be follow up as below:

- Automotive Industries trend to produce city cars in 2011-2012, including more investment in alternative Energy Car.
- Electrical appliance and electronics Industries: to be aware of increasing interest rate. It will effect to residence investment, spending on electrical appliance such as air condition, television will decrease. Another concerned factor concerned is smaller goods which is more convenience to carry, easy to use and cheap. These factors will effect to plastic producers who produce plastic parts for appliances should change and meet the customers need in the future.
- Construction Industries: Government spending in sky train project is more in progress of Red line Sky Train route, Violet Route and Blue Route which started end of 2010.

## Marketing

### Import

The highest value of imported plastic is high valued added plastic product mainly imported from Japan. Due to this product are unable to indentify. It is difficult to analyze a kind of plastic resins. The next sequence such as film, foil and other cellular band are most import from Korea.

### Export

The highest value of export product is container products or packaging such as bags, Monofilament/ Yarn. The major markets are in Japan and USA. Thailand always deficit in trade balance due to some imported items could not produced in Thailand.

Table 1 Plastic Product Trade under custom tariff 3916-3926

Unit: Million Baht

Amount	2003	2004	2005	2006	2007	2008	2009	2010*
Export	52,504	60,490	72,640	74,654	87,781	91,872	80,320	76,766
Import	69,956	78,114	85,173	88,685	95,705	98,106	83,056	88,073
Trade Balance	-17,452	-17,624	-12,533	-14,031	-7,924	-6,234	-2,736	-11,307

Source: Thai Customs Department

Remark: \* Information from January to October 2010



## Plastic Product Trend in 2011

After big flooding in the end of 2010 may lead to an increase in sale of consumer goods in 2011. Moreover; it causes to buy things for maintenance purposes such as residences, buildings or vehicles which damaged from flooding. Aforementioned cause will push more productivity product. On the other hands, there are some positive and negative factors in exporting of international market. In positive side, have more chance in export. Otherwise, the unstable in European economics have some factor to be causios. Raw Material of Petro-Chemical to produce plastic, there are 2 projects remaining in Mab Tha Put unable to operate. Expect to be operating in 2011 after passed HIA report.

## The government and The Office of Industrial Economics Measure and Policy to cater the situation and support the entrepreneur

Establishment of Plastic Institute to be a center to connect governments, privates, education sector and other concerned units parties in order to create the continued development of industry effectively, concrete and sustainable. Its functions are collecting important information of industry, market analysis, report, including support plastic producer who require more productivity and marketing which will be increase industrial potentiality in world competitiveness. Presently, it's during the process of permission request from Chairman of the Industrial Development Foundation and select Plastic institute committee and director. Plan to complete within 1-2 months

## Petro-Chemical Industry

### Petro-Chemical Industry Situation 2010

2010 Petro-Chemical Industry's in severe fluctuate situation. Products price increase related to crude oil price. Supply, political and volatility of exchange rate factors are also effect.

### Domestic Market

According to number forecasting of import – export 2010 compare with same period of the previous year found that value of import-export of upstream, intermediate and downstream of petro-chemical are extended. Overall cause is the world economic situation recovered. Then effects to economics in many countries also improve; additionally, main petrochemical export countries for Thailand. Result to value and quantity of Thai Petro chemical product import – export extended. 2009 Thai have economic crisis made export base down. Then impact to Growth rate much increase 2010.





Considerate basic value of imported petrochemical in upstream, intermediate and downstream 2010 which are amount 10,304.36, 19,842.52 and 68,880.05 million Baht respectively. Compare with the previous year, value of import of upstream, intermediate and downstream of petrochemical are extended 35.33%, 47.20% and 45.05% respectively. Anticipation of Export value of upstream, intermediate and downstream of petrochemical are amount 35,247.09, 46,318.85 and 188,064.38 million Baht respectively. Calculate in percentage compare with the previous year 36.80%, 2.65% and 33.47%.

Quarter/Year	Upstream Petrochemical (Million Baht)		Intermediate Petrochemical (Million Baht)		Downstream Petrochemical (Million Baht)	
	Import	Export	Import	Export	Import	Export
Q1/2009	1,612.84	4,035.59	3,687.75	9,405.98	11,369.63	29,725.85
Q2/2009	1,593.93	7,868.76	5,007.07	11,036.22	13,947.04	35,131.45
Q3/2009	3,194.77	7,298.89	5,567.59	11,683.70	21,281.46	37,890.75
Q4/2009	3,902.82	6,562.60	5,580.11	12,997.89	22,281.92	38,159.20
2009	10,304.36	25,765.84	19,842.52	45,123.79	68,880.05	140,907.25
Q1/2010	3,865.61	8,785.38	7,022.35	10,798.15	25,057.86	38,879.59
Q2/2010	3,892.14	8,640.18	8,102.76	11,971.25	26,062.56	46,696.20
Q3/2010	3,226.41	8,995.10	6,622.65	11,834.69	24,275.48	49,992.75
Q4*/2010	2,960.62	8,826.43	7,461.13	11,714.77	24,719.42	52,495.85
2010*	13,944.78	35,247.09	29,208.89	46,318.85	100,115.32	188,064.38
2010*/2009 (%)	35.33	36.80	47.20	2.65	45.35	33.47

Source: Custom information

Remarks: \* estimates number



### Petrochemical Industry Trend in 2011

Export value of Thai petrochemical Product 2011 is estimated to increase related to extended of world economics. However, the impact from European economic crisis make world economics decelerate in 2011 and to be continued to 2012. Also China, the main market of Petrochemical in Asia tends to be more self reliance. Additionally, the low cost product from Middle East tends to enter in Asia, market continuously. These factors are still range in risk factors which chance to impact Thai Petrochemical Product. Although Thai Governments Mega Project, Supporting Project and Maintenance Project of Public Utility after big flooding will encourage demand of domestic petrochemical product. However, the new entry of domestic plants will effect to less petrochemical import in 2011.

### Key Factors to follow up in the industry

- Domestic Negative factor especially political stability and natural disaster that will impact to domestic economic.
- Stability of foreign exchange rate of the Baht.
- Risk factors from European Union Economic Crisis that predict to World Economic decelerate again in 2011.





# Corporate Culture

Proactive Thinking

Unity

Efficiency

### 8.1 Risk associated with the reliability on major suppliers or manufacturers.

The highest supplier proportion is SCG Plastics Co., Ltd. (a subsidiary of Siam Cement Pcl.), which is 52.8 percent of total purchase in 2010. However gross profit margin from SCG is only 17.25 percent of total gross profit margin of the Company.

However, this purchasing proportion declines continuously. In 2004, this proportion was 63 percent of total purchase; in 2010 it was declined to 52.8 percent of total purchase, even though the Company's purchase amount from SCG Plastics Co. , Ltd. increase from 1,225 Million Baht in year 2009 to 1,709 in year 2010 or 39.50% increase due to the correlation of our product and oil price which increased compare with the year 2009, but the purchase volume in 2009 slightly increase from tons 30,671 in 2009 to tons 34,614 in 2010 or 13% increase.

Hence the company tries to expand variety of products into new market which the company has increase suppliers in rubber industry. Moreover, the company strategy still intends to expand specialty product sales volumes which are produced by suppliers more than 20 suppliers. Most of such suppliers appointed only the Company as their agent in Thailand. They have higher gross margin rate, lower price risk, high growth rate and few competitor.

### 8.2 Risk associated with the reliability on the officers.

Due to mostly sales occurred thru sales representative, therefore sales volume has direct relationship with sales representative. The Company has risk associated with the reliability on sales representative. If they resign, their client may move follow them that may cause the decrease of sales and profit especially commodity polymer. But selling of certain specialty products may need knowledge and expertise of sales representative and technical support from suppliers. If such sales representative resigns, the Company may encounter problem. However the Company deals with client for a long time so it can reduce risk from losing the client. The Company's management has knowledge and expertise about all products, including continuous training policy therefore sales representative can be developed to replace continuously. Moreover the Company has good client database therefore new sales representative can track existing clients easily. One important thing is when the client confident the quality of specialty products, they shall not change to use other product unless they have necessary reason.





### 8.3 Risk associated with the Accounts Receivable.

Now GC sells the goods in credit term mostly. Thus, if account receivable turns to be bad debt significantly, GC may encounter a delinquency risk and affect the company's profitability. However, GC has sales volume per client with value not exceed 5% of total sales in order to reduce risk, moreover GC had the policy to verify the clients' credit before provide credit to customers and closely follow up financial behavior as well as payment capacity of GC's customers. Now GC sets the team to consider the credit of the clients, both new and old one and also set the credit approval system, which separate from sale department to control the unsafe sale. Moreover, GC has insurance, which covers the damage from account receivable. It insures against the bad debt of customers, which the outstanding is more than 3 hundred thousand Baht and covers 90 percent of total bad debt value. The minimum insurance premium is 3.75 million Baht per year and the maximum protection is 100 million Baht. The insurance company set insurance coverage of each client. GC sets the doubtful debt allowance according to the risk of accounts receivable, the past experience and the present status of the clients. Then GC compares with the allowance for doubtful debt and insurance to verify if GC needs to reserve more doubtful debt allowance.

### 8.4 Risk associated with exchange rate.

Nearly all of the goods bought from foreign suppliers are in US Dollar term. In 2010, GC imports the goods in foreign currency accounts for 26.03 percent of total purchase. From the foreign currency accounts, 99% are in US Dollar account. If the exchange rate of Thai Baht against US Dollar fluctuates, it may affect the GC's profitability. However, to protect the exchange rate risk, GC follows the movement of the exchange rate of Thai Baht against US Dollar closely by asking the advice of the bank to determine whether GC should buy the forward contacts. GC has the policy that there is not speculate. GC must not buy the forward contacts without the trading obligations.

Moreover, GC will not sell the goods in advance without agree the exchange rate with the clients or buy the forward contacts. By these reason, The Company can prevent a certain level of risk from foreign exchange rate.



### 8.5 Risk associate with working capital

Since GC has to reserve the inventory for deliver to the clients in a short time and credit term of clients is about 77 days, which is longer than the credit term of suppliers, which is about 20 days. This causes GC have to maintain a number of working capital for operation, which has cash cycle 57 days. If sale of the company increases significantly, GC may need to find more capital source, which is more costly than the financial cost in the present.

GC currently can purchase goods from vendors such as SCG Plastics Co., Ltd, SCG Performance Chemicals Co., Ltd and Thai Plastic and chemical for the credit period of 60 days, however The Company has source of fund from many financial institutions which offer lower interest rate. The Company purchase goods with cash by financing from financial institutions instead of vender's credit in order to take trade discount from vender, as a result The Company has better gross profit margin. By the way, The Company still can utilize trade credit from vendors when needed to increase working capital.

Currently, as at December 31, 2010, GC has the credit facilities from many financial institutions and still have available amount for more than 80% of the total credit amount. This makes GC has the stronger working capital status and improves the debt to equity ratio to be 1.43 times as at December 31, 2010. Moreover, GC is likely to get the better conditions from bank due to GC's good performance.

### 8.6 Risk associated with the fluctuations in the price of goods in the world market

Although GC sells the goods to the domestic customers mostly, product price fluctuates with the world market because the petrochemical goods is commodity produce, which depends on uncertain demand and supply in the world market. GC's profitability changes according to the world market price as the cycle. There is the risk in the case that GC buys the goods in the high price and the price declines. This may lead GC to sell inventory to the clients cheaper or lower than buying price, which cause GC's profitability's lower or loss in some cases. However, GC tries lower this risk by keeping inventory in the optimal level of the goods, which has high price fluctuation, and follows the changing price from the global supplier data all the time. Moreover, for the customers, who order the big amount in advance, GC is supported about the quantity and price directly from manufacturers and/or suppliers. This can lower the risk. Furthermore, specialties products are few affected by price fluctuation because GC sets the price according to cost plus policy.

In quarter 2 of year 2010, The Company has loss from diminishing in products value for 4 million baht and they were reversed in quarter 3 of year 2010 due to the product value turned to be higher and had already sold out.





### **8.7 Risk associated with low profit margin**

Profit margin of GC is relatively low, which 60% of total sale is Commodity polymer. Thus, factors i.e. the fluctuation of interest rate, foreign exchange, quality of account receivable and inventory management could affect net profit margin. However, the continually improvement of the Company's performance make better the working capital and D/E ratio consequently enable the Company to have better offer and condition from commercial banks. Furthermore, GC follows the exchange rate policy, customer credit policy and inventory management policy closely including cost development policy, which should lower the risk of low profit margin.

Moreover, Increasing of sales in specialty products is the policy to reduce risk associated with low profit margin. In 2010, the company's specialty product growth increases from 868 million Baht in 2009 to 1,236 million Baht in 2010 (or 42.40%). The Company improved gross profit margin from 7.09% in 2009 to 7.36% in 2010 increasingly.

### **8.8 Risk associated with terminates the distributing agent contact.**

The period of distributing agent contacts are either yearly basis or 2 years basis which is normal practice in the petrochemical industry. Thus, GC will face the risk from termination of agent agreement if GC could not perform following the supplier's requirement i.e. cannot achieve the sale target or cannot maintain the required infrastructure.

However, GC has good performance continuously and also has many regular clients, including develop new client group in various industries which satisfy the manufacturers. Moreover, GC contacts with the manufacturers closely to explain the progress of domestic sales and market development

. Thus, the manufacturers still renew the agreement although GC cannot achieve the sale target because they understand the reasons.

Due to there is trend of merger and acquisition in order to create value added. So when our supplier was acquired by other company, it may cause loss of such supplier. With this reason, as at 31 December 2010 the Company did not renew agent agreement with BASF who acquire Ciba Specialty (Thailand) Co., Ltd. due to overlapping of some product between other supplier's products and BASF's products.

However, the company can find new supplier, Qualichem Specialties in order to replace those products.

## SHAREHOLDER STRUCTURE & DIVIDEND POLICY

### Shareholder Structure

Name	As of December 31, 2010	
	No. of shares	% of paid-up capital
1. Mr. Somchai Kulimakin *	46,499,900	23.25
2. Mr. Aikachai Sirijantanan**	28,470,730	14.24
3. Mr. Sumruay Tichachol	27,125,000	13.56
4. Mr. Bhiya Jriyasetapong	26,125,000	13.06
5. Mr. Somkiat Terdtultaveedey	9,500,000	4.75
6. Mr. Siri Thirawattanawong	8,226,000	4.11
7. Mr. Suthat Luangdansakul	2,350,000	1.18
8. Mr. Monthon Kurasuwan	2,150,000	1.08
9. Mr. Chalit Limpanavet	2,000,000	1.00
10. Miss Siwaporn Jarat	1,876,900	0.94
11. Others	45,676,470	22.84
Total	200,000,000	100.00

Remark: included related person, under section 258 of the Securities and Exchange Act B.E. 2535

\* Mrs. Boonsri Kulimakin who hold 100 shares.

\*\* Mrs. Nisaporn Sirijantanan who hold 1,345,730 shares.

### Foreign Shareholders as of December 31, 2010

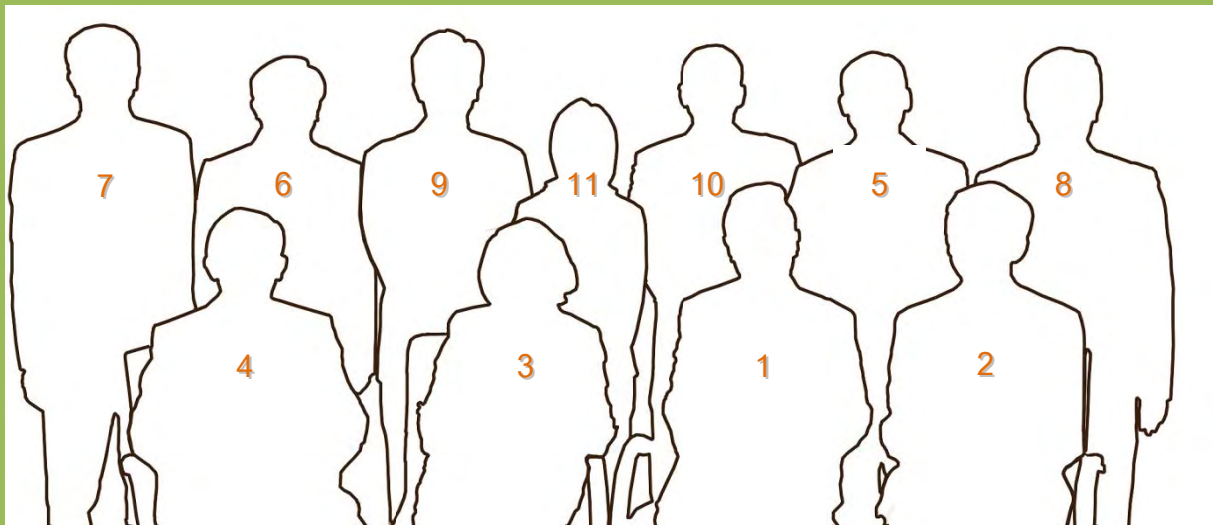
The number of foreign shareholder was 4 shareholders which held 570,000 shares or 0.29% of paid-up capital

Note: The company has a limitation on the percentage of equity shares held by foreign shareholders stated in the article of association no. 7 that The company equity shares are fully transferable unless those transferring will cause share of the company held by the foreign shareholders exceed the 49% of the company total shares, the company have the rights to reject those transactions.

### Dividend Policy

Company's dividend policy is to distribute to shareholders all funds surplus to the investment and operation requirements of the company as determined by the board and approved by shareholder meeting, Our target dividend payout ration is respect of each financial year is 40% of the company's net profit remained after taxation, and the appropriation of all kinds of reserve fund stipulated by the company.





1. Mr. Virah Mavichak
2. Dr. Pisit Leeahtam
3. Assoc.Prof.Chawalee Pongpatirochna
4. Mr.Suchart Suphayak
5. Mr. Somchai Kulimakin
6. Mr.Veera Kwanloetchit
7. Mr. Sumruay Tichachol
8. Mr. Aikachai Sirijuntanan
9. Mr. Bhija Jriyasetapong
10. Mr. Siri Thirawattanawong
11. Mrs. Pravishya Hansakui

## MANAGEMENT STRUCTURE & DIRECTORS

10







## Mr. Virah Mavichak

AGE 67

Percent of Share holding (%) 0.00

- M.S. Chemical Engineering, University of Texas, USA

- B.S. Engineering, Chulalongkorn University

- Directors Certification Program (DCP) class 26/2003

Thai Institute of Directors (Thai-IOD)

- Role of the Chairman Program (RCP) class 17/2007

Thai Institute of Directors (Thai-IOD)

## CHAIRMAN OF THE BOARD AND INDEPENDENT DIRECTOR

2008 - Present	Chairman of the Board	Global Connections PCL
2004 – 2008	Chairman of Audit Committee	Global Connections PCL
2009 - Present	Independent Director	B.S. Metal co.,Ltd
2009 - Present	Independent Director and Chairman of Audit Committee	Srivichai Vejvivat co., Ltd
2548 - Present	Director and Environmental Advisor	Refine Tech Co.,Ltd.
2008 – Feb. 11	The senator	Senate
2008 - 2009	Chairman of The Board	TPT Petrochemical PCL
2001 - 2003	Director general	Department of Industrial works
2000 - 2001	Deputy permanent secretary	The permanent secretary Office of Ministry of Industry



## Dr. Pisit Leeahtam

AGE 60

Percent of Share holding (%) 0.00

- Ph.D, Economics, Erasmus University, Netherlands
- M.S., Economics, Erasmus University, Netherlands
- B.S., Economics, Erasmus University, Netherlands

- Directors Certification Program (DCP) class 18/2002  
Thai Institute of Directors (Thai-IOD)



## CHAIRMAN OF THE AUDIT COMMITTEE AND INDEPENDENT DIRECTOR

2004 - 2008	Chairman of the Board	Global Connections PCL
2001 - Present	Vice Chairman and Chairman of Audit Committee	KGI Securities (Thailand) PCL
2004 - Present	Chairman	Prueksa Real Estate PCL
2005 - Present	Director and Chairman of Audit Committee	Tira Thai PCL
2001 - Present	Vice Chairman	TPT Petrochemical PCL.
2004 - Present	Director and Chairman of Audit Committee	Quality Minerals PCL.
2007 - Present	Director	Mandarin Oriental Hotel (Thailand) PCL.
2006 - Present	Country Chairman	Jardines Matheson (Thailand) Ltd.
2002 - Present	President	Provident Fund Association
2010 - Present	Chairman of the Board	Thai Tank Terminal Ltd.
2008 - Present	Director	P Planner Co., Ltd.
2004 - Present	Independent Director and Chairman of Audit Committee	Muang Thai Life Assurances Co., Ltd.







## Assoc.Prof.Chawalee Pongpatirochna

AGE 75

Percent of Share holding (%) 0.05

- Equivalence to Master degree, Business Administration, The School of Economics and Business Administration in Gothenburg , Sweden
- Bachelor Degree in Accounting, Chulalongkorn University

- Director Accreditation Program (DAP) class32/2005  
Thai Institute of Directors (Thai-IOD)

## AUDIT COMMITTEE AND INDEPENDENT DIRECTOR

Present	Executive Director	Research and Development for Industry Unit, Institute of Biotechnology and Genetic Engineering, Chulalongkorn University
2004 - Present	Audit Committee	Global Connections PCL
1999 - Present	Chairman of Audit Committee	Phatra Leasing PCL
1997 - Present	Director	Phatra Leasing PCL
1995 - 2008	Executive Director	Chula Unisearch, Chulalongkorn University
2004 - 2007	Executive Director	The Continuing Education Center, Chulalongkorn University
1996 - 2003	Managing Director	Intellectual Property Institute , Chulalongkorn University





## Mr. Suchart Suphayak

AGE 53

Percent of Share holding (%) 0.00

- Master Degree in Business Administration, Chulalongkorn University
- Bachelor Degree in Accounting, Assumption University

- Directors Certification Program (DCP) Class 72/2006

Thai Institute of Directors (Thai-IOD)

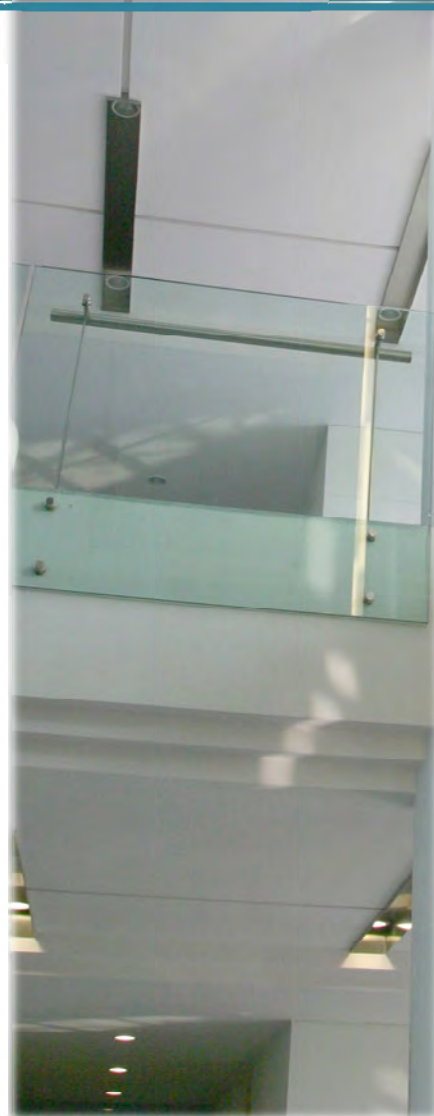
- Audit Committees Program (ACP) Class 14/2006

Thai Institute of Directors (Thai-IOD)

- Directors Diploma Examination Class 20/2006 Thai Institute of Directors (Thai-IOD)

### CHAIRMAN OF THE NOMINATION AND REMUNERATION, AUDIT COMMITTEE

2008 - Present	Chairman of the Nomination and remuneration Committee	Global Connections PCL
2006 - Present	Audit Committee	Global Connections PCL
2007 – Present	Financial Advisor	Rerm Udom Sugar Factory Co., Ltd
Present	Associate Judge	Juvenile and Family Court of Phachinburi
2004 - 2006	Audit Committee	ADDA (Thailand) PCL
2004 - 2006	Audit Committee	Repax Construction Co., Ltd.
2003 - 2004	CFO	Sammitr Motor Group Ltd.





## Mr. Somchai Kulimakin

AGE 53

Percent of Share holding (%) 23.25

- Bachelor Degree in Business Administration, Assumption University

- Directors Certification Program (DCP) Class 62/2005

Thai Institute of Directors (Thai-IOD)

- Finance for Non-Finance Director (FND) Class 2/2003

Thai Institute of Directors (Thai-IOD)

- Leadership and CEO Succession Planning 4/2006

Thai Institute of Directors (Thai-IOD)

### VICE CHAIRMAN AND

### CHAIRMAN OF EXECUTIVE COMMITTEE

1995 - Present

Vice Chairman and  
Chairman of  
Executive  
Committee

Global Connections PCL

1988 - 1995

Vice President

Liack Seng Trading Co., Ltd.

1985 - 1988

Assistant General  
Manager

Central Pacific (EX-IM) GmbH, Germany

1979 - 1985

Sale Dept.  
Manager

Metro Co., Ltd.



GLOBAL  
CONNECTIONS  
PUBLIC COMPANY LIMITED



## Mr. Veera Kwanloetchit

AGE 49

Percent of Share holding (%) 0.00

- Master degree of Business and administration, Chulalongkorn university
- Bachelor degree of Science, Chulalongkorn university Major in Chemical engineering



## PRESIDENT

Present	President	Global Connections PCL
2006 – 2009	Managing Director	Thai Houghton 1993
2001 - 2006	General Manager	DuPont Vietnam
1998 – 2001	Managing director	Xaloy Asia (Thailand)
1988 - 1998	Business manager and Sales manager of ASEAN to engineering plastic	DuPont (Thailand)







### Mr. Sumruay Tichachol

AGE 53

Percent of Share holding (%) 13.56

- Bachelor Degree in Economics, Thammasat University

- Directors Certification Program (DCP) Class 72/2006

Thai Institute of Directors (Thai-IOD)

- Finance for Non-finance Director (FND) Class 15/2005

Thai Institute of Directors (Thai-IOD)

### EXECUTIVE VICE PRESIDENT: DEPARTMENT OF SALES AND MARKETING 1

1996 - Present	Executive Vice President	Global Connections PCL
	: Department of Sales and Marketing 1	
1994 - 1996	Sale Dept. Manager	Siam brother Import-Export Co.,Ltd.,
1989 - 1994	Direct Sale Manager	Thai Polyethylene Co., Ltd.
1986 - 1988	Sale Representative	Siam Cement Trading Co.,Ltd.
1981 - 1986	Sale Dept. Manager	Metro Co., Ltd.
1980 - 1981	Technical officer	Bangkok Steel Industry PCL



## Mr. Aikachai Sirijuntanan

AGE 46

Percent of Share holding (%) 13.56

- Master Degree in Business Administration, Chulalongkorn University
- Bachelor of Science in Industrial Chemistry,  
King Mongkut's Institute of Technology North Bangkok.
- Bachelor Degree in Polymer Engineering, Rajamangala Institute of Technology
- Certificate Chemical Engineering, Rajamangala Institute of Technology

### EXECUTIVE VICE PRESIDENT: DEPARTMENT OF SALES AND MARKETING 2

- Directors Certification Program (DCP) Class 69/2006  
Thai Institute of Directors (Thai-IOD)
- Finance for Non-Finance Director (FND) Class 15/2005  
Thai Institute of Directors (Thai-IOD)

1995 - Present	Executive Vice President :	Global Connections PCL Department of Sales and Marketing 2
1986 - 1995	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1986 - 1988	Instructor of Polymer Engineering Faculty	Rajamangala Institute of Technology





### Mr. Bhija Jriyasetapong

AGE 50

Percent of Share holding (%) 13.06

- Bachelor Degree in Business Administration, Assumption University

- Directors Certification Program (DCP) Class 69/2006

Thai Institute of Directors (Thai-IOD)

- Finance for Non-Finance Director (FND) Class 15/2005

Thai Institute of Directors (Thai-IOD)

- Director Accreditation Program (DAP) class 30/2004

Thai Institute of Directors (Thai-IOD)

### EXECUTIVE VICE PRESIDENT: DEPARTMENT OF SALES AND MARKETING 3

Present	Director, Nomination and remuneration Committee	Global Connections PCL
1995 - Present	Executive Vice President : Department of Sales and Marketing 3	Global Connections PCL
1989 - 1995	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1983 - 1989	Sale Dept. Manager	Metro Co., Ltd.





## Mr. Siri Thirawattanawong

AGE 47

Percent of Share holding (%) 4.11

- Bachelor Degree in Business Administration, Assumption University

- Directors Certification Program (DCP) Class 72/2006

Thai Institute of Directors (Thai-IOD)

- Finance for Non-Finance Director (FND) Class 15/2005

Thai Institute of Directors (Thai-IOD)

- Director Accreditation Program (DAP) class 30/2004

Thai Institute of Directors (Thai-IOD)

### EXECUTIVE VICE PRESIDENT:

### DEPARTMENT OF ADMINISTRATION & OPERATION

Present	Director, Nomination and remuneration Committee	Global Connections PCL
1995 - Present	Executive Vice President Department of Administration and Operation	Global Connections PCL
1992 - 1994	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1990 - 1992	Sale Dept. Manager	Talomsin Plastic Co.,Ltd.
1987 - 1990	Sale Representative	MC Plastic Co.,Ltd จำกัด





### Mrs. Pravishya Hansakul

AGE 47

Percent of Share holding (%) 0.05

- Bachelor Degree in Business Administration, Assumption University
- Graduate Diploma in Auditing, Thammasat University
- Directors Certification Program (DCP) Class 87/2007  
Thai Institute of Directors (Thai-IOD)
- Executive Development Program (EDP) class 2/2008  
Thai Listed Companies Association

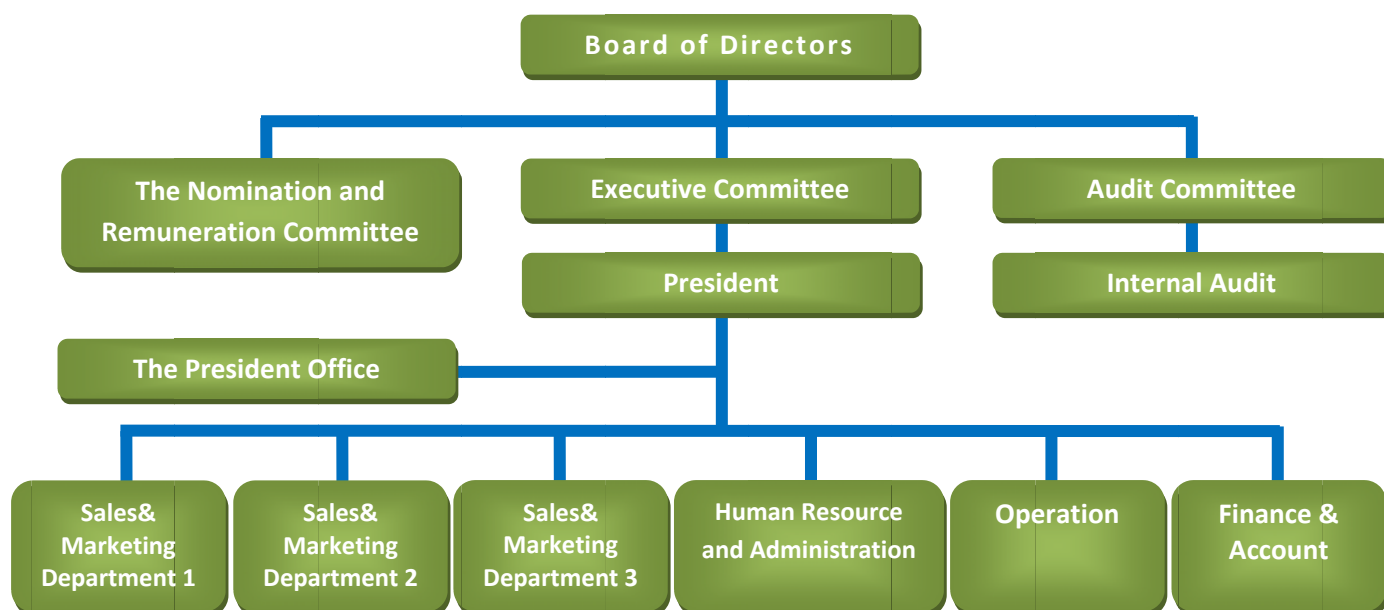
### VICE PRESIDENT - FINANCE & ACCOUNTING DEPARTMENT

2002 - Present	Vice President Finance and Accounting	Global Connections PCL
2001 - 2001	Finance Planning & Accounting Manager	GlaxoSmithKline (Thailand) Limited
1998 - 2001	Accounting & Financial Controller	Block Drug Company (Thailand) Limited
1991 -1997	Finance & Accounting Manager	C. Melchers & Co., (Thailand) Ltd.
1998 -1990	Senior Auditor	PricewaterhouseCoopers ABAS Ltd.



## MANAGEMENT STRUCTURE

Management structure comprises with three committees which are the Board of Directors, the Executive Committee, and the Audit Committee detail as the followings;



### The Board of Directors

Members of the Board of Directors as of 31 December 2010

- |   |  |
|---|--|
| 1. Mr. Virah Mavichak *                 | Chairman of the Board and Independent Director       |
| 2. Mr. Somchai Kulimakin                | Vice-Chairman  |
| 3. Mr. Sumruay Tichachol                | Director   |
| 4. Mr. Bhija Jriyasetapong              | Director   |
| 5. Mr. Siri Thirawattanawong            | Director   |
| 6. Mr. Aikachai Sirijuntanan            | Director   |
| 7. Dr. Pisit Leeahtam *                 | Independent Director and Chairman of Audit Committee |
| 8. Assoc. Prof. Chawalee Pongpatirochna | Independent Director and Member of Audit Committee   |
| 9. Mr. Suchart Suphayak                 | Independent Director and Member of Audit Committee   |

Secretary to the Board is Ms.Pornpimol Torpaiboon





### The name(s) of authorized directors to sign on behalf of the Company

Mr.Somchai Kulimakin Mr.Siri Thirawattanawong Mr.Phiya Jriyasetapong Mr.Samruay Tichachol Mr.Aikachai Sirijuntanan , two of five of these directors have the power of Attorney signed with Company stamp

### Scope, Authorities and Duties of the Board of Directors

The Board of Directors has authority in management and operation of the Company's business in accordance with the laws, objectives, the Articles of Association, and the resolution of shareholders' meetings, has authority to formulate the policies and directions, the financial management, the risk management, to supervise and control the Management to compliance with the assigned policies efficiency and effectively, to be responsible to the shareholders, has to preserve the shareholders' interest, and disclose the information accurately and completely with the standard and the transparency. In addition, the Board of Directors is authorized to appoint the directors, and/or the executives to act under the scope of authority and duties of the Board of Directors, unless the acts of the following matters which shall be approved in advance by the shareholders' meeting:

- (a) Any issues stipulated by law that resolutions of shareholders must be sought.
- (b) Any transaction in which the directors have the interest and there is a law or provision of the Stock Exchange of Thailand prescribes that there must be the approval of the shareholders' meeting for such transaction.

In this connection, the director who has the interest or has the conflict of interest in any matter is not entitled to cast the vote for such matter.

### The Executive Committee

Members of the Executive Committee as of December 31, 2009

- |                              |                                     |
|------------------------------|-------------------------------------|
| 1. Mr. Somchai Kulimakin     | Chairman of the Executive Committee |
| 2. Mr. Sumruay Tichachol     | Executive Committee                 |
| 3. Mr. Bhija Jriyasetapong   | Executive Committee                 |
| 4. Mr. Siri Thirawattanawong | Executive Committee                 |
| 5. Mr. Aikachai Sirijuntanan | Executive Committee                 |



### Scope, Authorities and Duties of the Executive Committee

1. To plan and formulate the Company's policies, directions, strategies, work plans, organization structure, management structure, and business discipline to proper with the circumstances of the economy and the market's competition for proposing to the Board of Directors' approval.
2. To plan and formulate the Company's business plan, annual budget, line of authority for proposing to the Board of Directors' approval.
3. To audit and follow the implementation of the Company's assigned policies and management directions efficiently and support the Company's business performance.
4. To take consideration for approval of auctions or hire of works with company or person with the budget scope not exceed 150 million Baht.
5. To recruit or dismiss the Company's staff in management level excluding Managing Director/ President and the Company's directors positions.
6. To supervise and checks the outcome of the Company's daily operation in accordance with the Company's business plan approved by the Board of Directors.
7. To sign on any documents which related to withdrawal document from the Company's bank account under the conditions and limitations which approved by the Board of Directors.
8. To permit the Company's expenditures on the approved annual budget without any limitation.
9. To sign on contract which binding the Company for the period from 1-3 years and not exceed 150 million Baht.
10. To invest or invest in capital expenditure (not exceed 150 million Baht) or the transaction fixed on the annual budget approved by the Board of Directors.
11. To finds out the financing for investment or invest in capital expenditure which was approved by the Board of Directors, or refinance the outstanding liabilities under the better terms and conditions.
12. To approve extra compensation for staff (Bonus) in accordance with the approved budget by the Board of Directors.
13. To approve the rising of staff's compensation in accordance with the approved budget by the Board of Directors.
14. To act as appropriates for any duties which shall be assigned from the Board of Directors.



However, the Executive Committee shall delegate its powers to the Management of the Company as appropriates for approving of one or more financial issues under the authorized scope of power.

Nevertheless, the above delegation of authority shall be in accordance with Thailand legislations and the Company's the articles of association. Moreover, where the conflicts of interest of the Executive Director(s) occurred of the prohibited person under the provision of SEC, the Executive Committee shall present that issue to the Board of Directors for taking the consideration, and the Executive Director(s) who has the conflict of interest is not entitled to cast the vote for such matter.

Nonetheless, any transactions which were in relation or related with the receiving or selling the Company or affiliate Company's assets under provision of SET, shall be approved by the shareholder's meeting and/or acted as stated in that provision.

### The Management

Members of the Management as of December 31, 2010

1. Mr. Somchai Kulimakin	Chairman of the executive committee
2. Mr. Veera Kwanloetchit	President
3. Mr. Sumruay Tichachol	Executive Vice President Department of Marketing 1
4. Mr. Aikachai Sirijuntanan	Executive Vice President Department of Marketing 2
5. Mr. Siri Thirawattanawong	Executive Vice President Department of Administration And Operation
6. Mr. Bhija Jriyasetapong	Executive Vice President Department of Marketing 3
7. Mrs. Pravishya Hansakul	Vice President Department of Accounting and Finance

### Scope, Authorities and Duties of the Managing Director

1. To manages and operates Company's normal business in accordance with business policies, plans and strategies approved by the board of Directors.
2. To permits any normal transaction of the Company including offering, contracting, purchasing, and hiring within the amount of 30 Million Baht or in accordance with the authority assigned by the Board of Directors.
3. To assigns any responsibilities of the Company's management and operation to the Management or to the staff according to organization structure approved by the Board of Directors in line with the Laws and the Company's articles of association.





4. To recruits, appoints, transfers, dismiss, lay-off, assigns wages of all Company's staffs below the management level including appointing employer's representative for the Company's provident fund committee.
5. To issues any orders, practices, declarations, and memorandums involving operation in accordance with the policies and for preserve interest of the Company and for keeping the Company's discipline.
6. To acts as appropriates for any duties which shall be assigned by the Board of Directors.

The Managing Director/President shall be under direct supervising of the Board of Directors and shall directly report to the Board of Directors. Thus, the Management Director/President shall perform in the directions and policies assigned by the Board of Directors.

Nevertheless, the above delegation of power shall be in accordance with Thailand legislations and the Company's articles of association. Moreover, where the conflicts of interests of the Managing Director/President occurred or the prohibited person under the SEC's provision appeared, the Managing Director/President do not have power for approval that matter and shall present that issue to the Board of Directors for taking the consideration.

Nonetheless, any transactions, which were in relation or related with the receiving or selling the Company of affiliated Company's assets under the SET provision, shall be approved by the shareholder's meeting and/or acts as stated in that provision.

### The Audit Committee

Members of the Audit Committee as of 31 December 2010

- |   |                             |
|---|-----------------------------|
| 1. Dr. Pisit Leeahtam*                  | Chairman of Audit Committee |
| 2. Assoc. Prof. Chawalee Pongpatirochna | Audit Committee             |
| 3. Mr. Suchart Suphayak                 | Audit Committee             |

All of them have adequate expertise and experience to review creditability of the financial reports

Secretary to the Audit Committee is Ms Pimchaya Aokchim



## Scope, Authorities and Duties of the Audit Committee

1. To review the sufficiency, credibility and objectivity of the financial reporting by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The audit committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the company.
2. To review the adequacy and effectiveness of the internal control systems and internal audit functions by coordinating with the external auditors and internal auditors, and to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
4. To consider and advise the appointment of the external auditors including the audit fee by considering the independence, creditability, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff, as well as to attend a non-management meeting with an auditor at least once a year.
5. To consider compliance with all connected transaction disclosures or the conflict-of-interests disclosures, to ensure that they are in compliance with the laws and the Exchange's regulations.
6. To take care of any other matters assigned to it by the board of directors, such as reviewing the company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the company's management, all important reports which must be disclosed to the public according to the law (e.g. Management Discussion and Analysis (MD&A), etc.).
7. To report the activities of the audit committee in the company's annual report, which must be signed by the chairman of the audit committee. The following information should be included in the report.
  - 7.1 Comments on the company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
  - 7.2 Comments on the adequacy of the company's internal control systems.
  - 7.3 Statements on whether the company's auditor is suitable for re-appointment.



7.4 Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.

7.5 Comments on the transactions that may lead to conflicts of interests.

7.6 The number of the audit committee meetings, and the attendance of such meetings by each committee member.

7.7 An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.

7.8 Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.

Term of service: 3 Years

### The Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee as of December 31,2010

- |                              |   |
|------------------------------|---|
| 1. Mr. Suchart Suphayak      | Chairman of Nomination and Remuneration Committee |
| 2. Mr. Bhiya Jriyasetapong   | Nomination and Remuneration Committee             |
| 3. Mr. Siri Thirawattanawong | Nomination and Remuneration Committee             |

### Scope of duties and responsibilities of the Nomination and Remuneration Committee

1. To elect individuals or consider candidates who are qualified to become Board of Director members or member for the committees, according to the Board of Director membership criteria for recommendation to the Board of Director.
2. Review and advice that the number of directors is sufficient and appropriate for the company, paying special attention to the qualification of members of the Board of Directors who must have diversified knowledge, ability and experience.
3. Propose and elect for the succession of the company's Managing Director or company's president to propose the Board.
4. The Nomination and Remuneration Committee regularly reports performance and submit it to the Board of Directors.
5. Regularly review the appropriateness of principle to considerate remuneration to align them with the company's goals and the interests of the shareholders.





6. Considerate appropriate remuneration or other benefits of Board of Director and Managing Director/President and propose to Board of Director and shareholders' Meeting for approval that considerate factor as follows
  - Best practice in industry for considerate remuneration.
  - Performance and size of company.
  - Responsibility, knowledge and experience of director.
7. Disclose the remuneration policy and available options and comments from the Nomination and Remuneration Committee in the Annual Report
8. Considerate appropriate remuneration to attract executive for a long time in line with the company's performance and shareholder's benefit.
9. Perform other duties as assigned by the Board of Directors.

The Remuneration Committee is directly responsible to the Board of Directors. In addition, the Chairman and members of the Remuneration Committee have a term of three years.

The authority of the Remuneration Committee shall not include the authority to approve transactions which may cause a conflict of interest with the Company or any transaction in which members of the Remuneration Committee or their connected persons have an interest or benefit that causes a conflict of interest according to the SET's regulations. The approval of said transactions is required to be proposed to the Board of Directors and/or Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which are already covered by existing guidelines approved by the Board.

### **The finding for the Board of Directors**

According to the Company's regulations, The Nomination and Remuneration Committee shall select qualified persons to become directors. The Board of Directors consists of at least 5 Directors who appointed by the Shareholder Meeting with Majority decision in respect to the rules and measures as follows:

1. Individual election by the shareholders
2. Under 1., there is an one vote per one share



3. The sequence of persons who being appointed started from the highest votes shall be appointed respectively as the Director(s) as equal as the total number of the directors which will be appointed or elected in that period. However, when there are two or more persons getting the same amount of votes which caused to exceed the sum of appointing or electing of the Directors in that period, the decision of the Chairman of election shall prevail.

There is a number of one-third of the Board of Directors shall retire in each annual general meeting. Where the number of the Board of Directors cannot exactly divide by three, the total number of retiring Director(s) shall be the closet number of one-third. The retiring Director(s) in the first and second years after Company's transforming shall be selected by the lucky draw. Otherwise, the longer Directors shall be retired. However, the retiring Director(s) under this clause may be re-elected.

Except for the number of the Board of Directors is not enough for the completion of its meeting, Where there is the unoccupied Director(s) caused by any reasons other than from the duration expired, the Board of Directors shall appoint the person(s), who qualified, and not prohibited by laws, to be the replaced Director(s) in the next Board of Directors' meeting. In case of the duration of the replaced Director(s) is less than 2 months left, the replacing Directors(s) shall be on that position as long as the left duration of the replaced Director(s).

Where the number of the Board of Directors is not enough of the completion of its meeting, the rests of the Board of Directors shall manage, on behalf of the Board of Directors, merely for setting up the Shareholder's meeting for election of the entire unoccupied Director(s).

### The rules of Nomination of Independent Directors

### The proceeding of finding the independent Directors

Firstly, the Nomination and Remuneration Committee shall consider the persons who have the qualifications as defined by the regulation of SEC, and intently support the Company's businesses with their appropriate potentials. Then, the Shareholder's Meeting shall consider for approval on the final step. In case of any vacancy occurs in independent directors other than by rotation, the Board of Directors shall elects a person who has the qualifications to be independent directors as replacement for the remaining term of the independent directors whom they replace and then inform in next shareholder meeting.



### Qualification of Independent Directors

1. Holding shares in total not more than one percent of total shares with voting rights of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest provided that the share held by related person of independent directors shall be inclusive;.
2. Not being a director having participation in the management, an employee, staff, advisor who receives a regular salary, or Controlling Person of the Company, its Parent Company, its Subsidiary, a subsidiary in the same level, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
3. Not being a related person by blood or registration under laws, such as father, mother, spouse, sibling or children including spouses of children of Executives, Major Shareholders, Controlling Person, or such other person who will be nominated to take up the position of Executives or Controlling Person of the Company or its Subsidiary;
4. Having no business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest in the manner which may interfere his or her use of independent judgment as well as not being Major Shareholder, a director who is not an independent director, or an Executive of a person who have business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
5. Not being an auditor of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, and not being a major shareholder, a non-independent director, an executive or a managing partner of an audit firm for which the auditors of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest work; except for having passed from such the position for not less than two years before appointment;
6. Not being a professional service provider, including a legal consultant or financial advisor who receives wages of more than two million Baht per year from the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest. In case the professional service provider is a juristic person, a major shareholder, a non-independent director, an executive and a managing partner of the professional service provider shall be inclusive, except for having passed from such the position for not less than two years before appointment;





7. Not being a director appointed as a representative of the Company's board of directors, Major Shareholders or shareholders who are related to the Company's Major Shareholder; and
8. Not having other characteristics which result in not capable to provide independent opinion with regard to the Company's businesses.

## Remuneration

### Monetary Remuneration

- (1) Remuneration for the Board of Directors From Fiscal year end December 31, 2009 and December 31, 2010, the number of meeting and the amount of annual gratuity for the Board of Directors as the followings

### Meeting

	Name	Position	Attendance/ Number of Meeting for Board of Direct		Attendance/ Number of Meeting for Audit Committee	
			2009	2010	2009	2010
1	Mr. Virah Mavichak	Chairman of the Board	4/4	5/5		
2	Dr. Pisit Leeahtam	Chairman of Audit Committee	4/4	5/5	4/4	5/5
3	Assoc. Prof. Chawalee	Audit Committee	4/4	5/5	4/4	5/5
4	Mr. Suchart Suphayak*	Audit Committee	4/4	5/5	4/4	5/5
5	Mr. Somchai Kulimakin	Vice Chairman	4/4	5/5		
6	Mr. Sumruay Tichachol	Director	4/4	5/5		
7	Mr. Bhija Jriyasetapong	Director	4/4	5/5		
8	Mr. Siri Thirawattanawong	Director	4/4	5/5		
9	Mr. Aikachai Sirijuntanan	Director	4/4	5/5		



	Name	Position	Attendance/ Number of Meeting for the Nomination and Remuneration Committee	
			2009	2010
1	Mr. Suchart Suphayak*	Chairman of the Nomination and Remuneration Committee	1/1	3/3
2	Mr. Bhija Jriyasetapong	Nomination and Remuneration Committee	1/1	3/3
3	Mr. Siri Thirawattanawong	Nomination and Remuneration Committee	1/1	3/3

Remark: \* The independent director

## Remuneration

### Meeting Fee

	Name	Position	2009	2010
1	Mr. Virah Mavichak*	Chairman of the Board	200,000	250,000
2	Dr. Pisit Leeahtam*	Chairman of Audit Committee	160,000	200,000
3	Assoc. Prof. Chawalee	Audit Committee	120,000	150,000
4	Mr. Suchart Suphayak*	Audit Committee	135,000	195,000
5	Mr. Somchai Kulimakin	Vice Chairman	80,000	100,000
6	Mr. Sumruay Tichachol	Director	60,000	75,000
7	Mr. Bhija Jriyasetapong	Director	70,000	105,000
8	Mr. Siri Thirawattanawong	Director	70,000	105,000
9	Mr. Aikachai Sirijuntanan	Director	60,000	75,000
	Total		955,000	1,255,000

Remark: \* The independent Director



Besides the meeting allowances per each meeting as showed in the table above, the company had grant monthly compensation to four independent directors as a total of 1,140,000 THB per year in 2007 and allocate bonus for nine directors as a total of 1,905,000 THB and 1,605,000 THB in 2009 and 2010 respectively. Anyway all remunerations are approved by shareholder meeting in amount which not exceed 4,000,000 THB

- (2) Remuneration for executive directors and management committee For the Fiscal year ended 31 December 2010, remuneration for executive directors and management committee total of seven was 30.11 million Baht in form of salary and bonus.

#### Other forms of remuneration

The company has established provident fund since 2000, the company's contribution to the provident fund for the management executives (The Management committee) totaled 2.95 million Baht in 2009 and 3.04 million Baht in 2010. The Company also provided automobile for the 7 management committee members.





# Corporate Culture

Happiness

Adapt to Change



# THE PRINCIPLES OF CORPORATE GOVERNANCE

11

The Company emphasize the importance of Corporate Governance (CG) which it is a practice to structure the leadership in line with transparency, responsibility, and generate business competitiveness for sustaining the capital investment of shareholders and enhance the share value back to the long term shareholders in accordance with the ethic, and responsible to both stakeholders and society as a whole.

In order to build the business growth continuously and to create the trust to investors and stakeholders, the company had regulated the company's vision, mission, objective of Corporate Governance, code of conduct, employee manual, business strategic direction, business plan and budget by appointing management team to propose all issues to the board of directors for consideration to express and debate prior to mutual agreement and approval.

## Good corporate governance policy in the year 2010

The Company duly complied with the principles of good corporate governance for listed companies 2006. In 2010, the company was evaluated Corporate Governance by the Thai Institute of Directors Association (IOD) which corporate-governance scores rated "Excellent" (5 STAR) benchmark. This is two consecutive years which the company gets the 5 stars CG rating after only three years join evaluated program

In 2010, the Company has continuously observed the good corporate governance policy.

- ❑ **Rights of shareholders:** The Company allowed minor shareholders to propose agendas and name of directors for the Annual General Meeting of Shareholders in advance during December 2010 to January 2011. The company established the transparent procedures and criteria and publicized them on the company's website and notified the shareholders through the Stock Exchange of Thailand which shareholders able to propose more than 30 days.
- ❑ **Equitable treatment of shareholders:** The company organized the shareholders' meeting on Thursday 8 April 2010 at meeting room of the Global Connections Public Company Limited. The company provided a van to facilitate shareholders to join AGM from The Stock Exchange of Thailand.



The company also made available the letters of invitation as well as the agenda items of the meeting on the company's website to enable the shareholders to study all the information for decisions at least 30 days. The document materials included the directors' opinions for each agenda item and proxy authorization letter, including the details of document required for authorization to facilitate the shareholders

For the shareholders who could not attend the meeting, the company recorded the shareholders' meeting to produced VCD for shareholders' request and released it on the company's website to inform them of the meeting in addition from the minutes of the meeting available to the shareholders through the Stock Exchange of Thailand and the company's website.

- ❑ **Roles of Stakeholders:** The company reviewed and rectified its code of conduct and posted on company's website. The code of conduct was printed and delivered to all employees for compliance. Moreover, the company has set the channels to receive complaints on CG ethical conduct. There was no petition in 2010.
- ❑ **Disclosure and Transparency:** The company informs performance of the company to Analysts and investors in Opportunity day of the Stock Exchange of Thailand every quarter. The company discloses its information, financial statements and other notices through the Stock Exchange of Thailand or the company's website. Investors can reach company's Investor Relations Department at telephone or e-mail.
- ❑ **Responsibilities of the Board of Directors:** The Board of directors resolved to upgrade the good corporate governance standard in accordance with the Good Corporate Governance Standard of the listed companies in 2006. In 2010, Directors always attend for meeting of Board of Directors. The company is also considering for proportion of independent director more than 50 percent with the Good Corporate Governance Policy.

The Board of directors has continued to strengthen its commitment in good corporate governance principles for the sake of the shareholders and stakeholders with an aim to develop the supervision standard to internationally-accepted levels according to the guideline and direction related to The Stock Exchange of Thailand (SET) and Securities and Exchange Commission as the following,





## Section 1 Rights and Equitable Treatment of Shareholders

Realize the importance of shareholders' equitable rights

- ❑ **Shareholders shall obtain relevant material of company information on a timely, sufficient and appropriate for decision making.**

The company has policy to send the invitation letter together with the relevant documents and information on each agenda item to the shareholders not less than 14 days prior to the meeting and will record the minutes of the meeting correctly for shareholders inspection, the company realizes the importance of shareholders' right in access to company's information. The company will add details of issues for consideration, reasons and impacts of each agenda.

- ❑ **Participate and vote in shareholders' meetings**

All shareholders possess equal rights to express their opinion and/or concern to acquire explanations and ask additional question in association with the operation of business.

- ❑ **Right of equitable Treatment**

Besides above-mentioned , All shareholders possess equal basic rights such as rights to receive share certificates and rights to transfer shares, rights to elect and remove directors, rights to approve the appointment of auditors and rights to share in profit of the company.

- ❑ **Shareholders Meeting**

Shareholders should receive letter of invitation to the meeting and the letter contains information relating to the location, date, time and agenda. Shareholders may request to directors to add additional agenda of meeting and may pose questions In advance prior to meeting date.

Besides, The Chairman, Executive Directors, Audit Committee, Auditor and legal adviser should participate in the shareholders' meetings to answer questions. The minutes of Shareholders Meeting will be presented in the next Shareholders Meeting for acknowledgement.

After the minute has been approved by the meeting, The Company shall keep it in a safe place for verification by concerned party.



## Section 2 Rights of Stakeholders

The company believes in good relationship and well cooperation between the Company and the stakeholders will enable the company to bring sustainable growth. Hence the board of directors assigns the code of conduct that emphasizes the importance of stakeholders' rights. The board of directors announces the code of conduct to the board of directors and all employees as guideline for regular practice.

### □ Principles and core Values

These thirteen principles have been approved by the Board of Directors. It is expected that all directors and each employee follow these principles in all their activities for the company.

1. Honesty
2. Promise-keeping and Trust Worthiness
3. Keep Confidential Business Information
4. Professionalism
5. Integrity
6. Leadership
7. Compliance to law & Regulations
8. Loyalty
9. Fairness
10. Empathy
11. Respect to others
12. Commitment to Excellence
13. Reputation and Honor

### □ Treatment of stakeholder

1. Policies and practices toward shareholders
2. Policies and practices toward staffs
3. Policies and practices toward customers
4. Policies and practices toward trading partners and/or creditors
5. Policies and practices toward competitors
6. Responsibility to the community and Society
7. Environment, Health and Safety in work place



#### ❑ Conflict of interest

On the subject of conflict of interest, all staffs have to comply with the policy to avoid any activity, investment or any form of benefit, that result in losses of integrity or reputation of the company and also of staffs.

#### ❑ Company's right of ownership of Information

All of us strictly comply with policy, rules and regulations including any guidance set by the company to save its information.

#### ❑ The gathering of information relevant to the competitors, including productive and technical information

We comply the policies which concern about finding the information of competitors, including productive and technical information. We will not perform any procedure that is prohibited by law (Theft, Graft) or not authorized by code of conduct in order to obtain the competitor's information

#### ❑ Political Activity and Participation

The basic policy of the company specify that the company will not contribute money or any resource of the company for encouraging political action to political parties, candidates except if it is allowed by the law and supports democracy. The company comply with related laws and regulation to ensure that the right of stakeholders are well taken care of.

### Section 3 Information Disclosure and Transparency

The Board of directors values the importance of disclosure of accurate, adequate, regular and timely information of the company. Therefore the company has the policies to organize financial statements which display the company's financial status and performance, shareholders structure and the Corporate Governance Policy that is transparent, auditable. Furthermore, the company has established an Investor Relation Division to disseminate information to shareholders and securities analysts to understand the company on equal basis.

The Board of directors is responsible for financial reports of the company and the financial information in its Annual Report. The financial report is prepared in accordance with Generally-Accepted Accounting Principles (GAAP in Thailand by choosing an appropriate policy and practice on regular basis). In addition, all relevant information will be adequately disclosed in the remarks to financial statements.





The company has appointed the audit committee to verify financial report and internal audit system to ensure efficiency & transparency of the operation, including following the company policies and related laws, considering nomination and remuneration of auditor.

## Section 4 Responsibilities of the Board

### ❑ Board of Directors composition

The Board of directors shall consist 9 directors, a chairman, a vice chairman and directors, of which 4 of 9 are independent directors as 44% of the entire Board of directors which comply by law and regulation. No less than one-third of directors shall be Independent directors who have no business relationship or any other relationship with the company which may affect the director's independent exercise of discretion

### ❑ Duration of the term of service of director

The Board of Directors has set the duration of the term of service of director in accordance with the Articles of Association of the Company. In every AGM, one-third of the board of directors, or if their number is not a multiple of three, then the number nearest to one-third will have to retire from the post. The Company's directors, who must be retired in the first year and in the second year after the Company registration, shall be selected by means of lot drawing whereas, in the subsequent years, the director who has been in the position for the longest period will be retired. The retiring director may be reelected again.

### ❑ Separation of positions

The chairman of the board of directors is an independent director who does not have a management position under the principle of segregation of roles in policy formulation and oversight from those in operations management. Beside, the company has the audit committee that consist 3 independent directors. The function of the audit committee is to balance and review operations management.

### ❑ Sub-committees

The sub- committees comprise of 2 committees, the audit committee and the Nomination and Remuneration Committee. The audit committee consists of 3 independent directors for Corporate Governance. The authority of this audit committee is described under the management structure section. The audit committee holds meetings regularly once in every 3 months and report directly to the Board of directors.



The Nomination and Remuneration Committee consists of three members. The authorities of the Nomination and Remuneration Committee are described under the management structure section.

For the Corporate Governance Committee and the Risk Management Committee, the company has not established policy because the establishment must take into account several factors so they are concerned in monthly executive meeting.

#### ❑ Board of Directors' meeting

The Company's policy arrange at least 4 times per year for a board of director meeting which was hold 5 times in 2010 and Executive committee meeting at least once every month for considering short term and long term strategy. There shall be directors attending the meeting not less than half of the total number of directors to complete the quorum. The secretary to the Board will inform and send the notice of the meeting to the Board of Directors. The secretary to the Board will inform and send the notice of the meeting which contains details of date, time and place together with agenda and related documents to the Board of Directors 7 days prior to the meeting for an appropriate consideration. The member of the Board is able to raise more agenda and present idea openly and directly. The Company's secretary will record and take minutes of the meeting.

The Board of Directors appoints a company's secretary to support the function of the Board of Directors. The secretary's duty is prepare agenda, invitation for meeting and arrange meeting, including advising about law, rule and the regulation for the meeting and prepare minutes of the meeting for the chairman's approval prior to submitting for the meeting acknowledgement.

#### ❑ Report of the Board of Directors

The Board of Directors are required by the Securities and Exchange Commission, to report their company's share selling or buying including their spouse and immature children. The Company Secretary shall consequently keep such reports for references. Moreover, they need to disclose information regarding their own interests and any interests of their related persons to the Company's Secretary. This information will enable the company to duly prepare its disclosure report on related parties' transactions, which could cause conflict of interest.



#### □ The remuneration of directors and the management

- Directors' remuneration: The Company has specified directors' and management's remuneration clearly and with transparency. The remuneration of directors will be comparable with similar industry and will be appealing enough to attract and retain qualified directors. Moreover the director who is assigned more responsibility will obtain more appropriate remuneration accordingly.
- The managements' remuneration: The managements' remuneration is based on the policy that set by The Company's Board of Directors in conjunction with the performance of The Company and each individual director.

The Board of Directors assigns the Nomination and Remuneration Committee to consider compensation of the director. The directors' remuneration should be comparable with similar industry and take into account the performance of The Company as well.

#### □ Succession policy

The Board of Directors assigns the Nomination and Remuneration Committee to prepare a succession plan for the position of CEO/President to ensure that the company is managed at all the time by CEO with appropriate competency and skills.

#### □ Orientation for New Directors and Enhancement of Business Knowledge

The Board of Directors assigns the secretary of the Board to prepare information for all new directors so as to inform them of the business of the company, a director's roles, duties and responsibilities and compliance with the company's corporate governance Policy and practices. Simultaneously encourage all directors to have better knowledge and understanding of company's business to enhance their role as an efficient directors. Moreover, the company has policy to improve knowledge to directors regularly.

#### □ Assessment of Performance of the Board of Directors

To ensure that operation is in line with the set goals, the Board of directors requires that the management reports the results of actual operation in comparison with set targets on a regular basis. In the event that operation fails to perform as planned, the Board of Directors shall request the management to propose plans to resolve the situation and shall provide corrective strategic directions.





The Board of Directors has policy to assess the annual performance of the Board themselves. The criteria for such evaluation will be related to the annual business plan in short and long term.

## Section 5 Conflict of interest

In order to protect any occurrence of conflict of interests, the company has policy which prohibits the directors, executives and staff to take advantages of their roles and their duties for benefits. In the event of the transactions with conflict of interest may possibly occur, the Board of Directors will carefully take into consideration in the interest of the company. Moreover a Policy and Procedure on the approval of related transactions such as purchasing or selling between juristic company and persons involved will be conducted under the rules and conditions which were conducted with the same standard as that of an external vendor. In case of the connected transactions occurred are not normal case, the related department of the Company will gather these information to propose to the Audit Committee for consideration and giving opinion that they have been conducted according to the Company's normal practice with the fair price before they will be perused by the Board of Directors once again. In addition, the Company shall be obliged to comply strictly with securities trading law and related rules and regulations governing the Securities and Exchange. In any transaction in which concerned persons are persons whose personal interest may conflict with the Company's interest, such persons will not be eligible to vote approval of such transactions.

## Section 6 Internal Control and Internal Audit systems

- ❑ **Internal Control and Internal Audit systems:** The Board of Directors and The Audit Committees have reviewed the internal control systems of the Company with executives regularly and gave its opinion that the Company has an adequate appropriate internal control systems and sufficient to protect its assets from serious misconduct or other irregularities in management of the Company such as setting authorization and writing operational regulations as well as recognition of the importance of internal control systems. An independent Internal Audit Office is established to ensure that all operation units of the company are in compliance with set operating procedures and to coordinate with external auditor. The Internal Audit Office reports directly to the Audit Committee.

Furthermore, the Company has system to keep important documents for verification of the auditor and legislative authority.



- **Utilization of Inside Information:** The Company has a policy governing utilization of the Company's inside information by directors and executives for personal gain, disclosure it to other persons including selling or buying securities. As well as all directors and executives must comply strictly with securities trading law of the Office of Securities and Exchange Commission regarding disclosure their trading of securities of the Company as follows

The Company's policy is to uphold ethics and conduct its business with integrity to customers, suppliers and the shareholders of the Company, within its regulations and Code of Conduct. In case of inside information of the Company is utilized by the executives or employees for personal gain or revelation confidential information to outsiders including making transactions that may pose potential conflict of interest, these actions are serious misconduct and disciplinary punishment may be taken.

a) The company will notify the board of directors and executives who perceive inside information that may affect the price of securities. to refrain from trading their shares of the company one week before and 24 hours after financial statement has been revealed to the public and prohibit disclosure of inside information to others.

b) The company has instructed its directors and executives to report any change in their holding of securities of company in accordance with section 59 and provisions on penalties section 275 stipulated of Securities and Exchange Act B.E 2535 and the regulations of the SET including to their spouses and children less than 21 years of age. The directors and Executives must submit one copy of the securities disclosure report to the Company and the Securities and Exchange Commission on the same day.

## Section 7 Risk Management

The company gives importance to risk management system by assessing and setting the company's risk constantly relating to business operation risk and financial risk of the company. The company has initiated management meeting consist of management team and all support functions in every month to settle strategies and policies to reduce the company's risk and assign related departments to monitor risk and report to management team.

GC realizes that its businesses have direct and indirect responsibility towards the customers, society and the communities in which we operate. GC undertakes a wide variety of social contribution activities, to help address the needs of communities in regions where GC conducts business, so the company has policy to operate as well as contributing to socio-economic development by regular plan for social responsibility activity every year. In 2010, the company had activity with our staffs who participated to donate consumer and necessity thing to handicapped at KARUNYAWET Foundation for persons with disabled in Chonburi province. However, the company donated 10,000 Baht to KARUNYAWET Foundation also.

Moreover, the company allocated budget to help other disadvantage person including to flood victims which are presented below;

- Donated 200,000 Baht to help flood victims to the Thai Red Cross Society.
- Donated computer and equipment in Computer for disadvantaged youth project which was established by the ministry of information and communication technology and the stock exchange of Thailand.
- Donation book with five bookcases in amount of 100,000 Baht to improve reading for disadvantaged youth across the country and three southern provinces with donation to the “Deliver future deliver book 550 schools project”.







Donation book with five bookcases



Chomchon-Banpa Pa School, Maehongson



Chomchon-Watjunkapor School, Pathumthanee



Koadin-Priwan School, Sukhothai



Bandon-Klang School, NakhonNaiyok



Bandon-Klang School, Nakhonpanom

## RELATED TRANSACTION

13

(Unit: Million Baht)

Related Company / person	Description of Relations	Description of Transactions	Size of 2009 transactions	Size of 2010 transactions	Necessaries and reasons of transactions
Integrity Plastics Co., Ltd	Mr. Chanchai Ruckthananon (brother of Mr. Aikachai Sirichantanunt, the major shareholder and director of the GC company) was the major shareholder and director of the Integrity Plastics Company.	Trade the instant petrochemical products, on the date of 31st December 2009 and 2010 has the sum of the debts at 5.50 and 1.31 million Baht respectively	22.16	8.95	There were normal businesses and transactions of the GC Company with its customers. Therefore, the Audit Committee found that they were normal businesses and transactions of GC company and they were in relation with the related market prices
		Purchase the instant petrochemical products, on the date of 31st December 2009 and 2010 has the sum of the debts at 1.50 and 0.00 million Baht respectively	15.62	0.00	For product development and also ensure customer satisfaction. The company engages Integrity Plastic Co., Ltd. (IPC) to blend and keep secretes of product formulation. IPC will buy raw material in market price and sell back to the company with its raw material cost plus blend service fee. The Audit Committee considers that these transactions were normal businesses transaction and related with market price.



(Unit: Million Baht)

Related Company / person	Description of Relations	Description of Transactions	Size of 2009 transactions	Size of 2010 transactions	Necessaries and reasons of transactions
Vector Solution Co.,Ltd	Ms.Patchamon Thirawattanawong, elder sister of Mr. Siri Thirawattanawong (major shareholder and director of GC Company), is the major shareholder and director of Vector Solution Company	Purchase the office supply products	0.18	0.35	There were purchase of computers and parts for the GC Company's business operations. The Audit Committee found that they were normal businesses and transactions of GC company and they were in relation with the market related prices.
New Modern Superpack Co.,Ltd.	Mr. Wichan Nanthananonchai, The major share holder of New modern is an elder brother of Ms. Boonsri Kuleemakin (shareholder of 100 shares) who is a wife of Mr.Somchai Kuleemakin's (major shareholder and director of the GC Company) and also be director of New Modern Company	Trade the instant petrochemical products, on the date of 31st December 2009 and 2010 has the sum of the debts at 0.00 and 0.81. million Baht respectively	23.33	19.09	There were normal businesses and transactions of the GC Company with its customers. Therefore, the Audit Committee found that they were normal businesses and transactions of GC company and they were in relation with the market related prices.





(Unit: Million Baht)

Related Company / person	Description of Relations	Description of Transactions	Size of 2009 transactions	Size of 2010 transactions	Necessaries and reasons of transactions
21 Construction Co., Ltd	Mr. Hook Tichachol, the elder brother of Mr. Sumruay Tichachol which is the major shareholder and director of the GC Company, is the major and director of 21 Construction Company.	Payment for the building and warehouse's construction	0.17	0.11	Due to 21 Construction Co., Ltd was the constructor of the GC company's warehouse and office. Later, the land surface around warehouse got the problem therefore the GC company was hire the mentioned company to fix the problem. Therefore, the Audit Committee considered and found that they were normal businesses and those transactions were in relation with the contracts and reasonable.
GC company's directors who is Mr. Aikachai Sirijuntanan	Company's directors	Sell car in the position to all directors and executives which had set in rule of the Company since 2005	0.00	0.88	The Audit Committee found that they were normal transactions of GC company and they were in rule of the Company.



## DISCUSSION & ANALYSIS OF OPERATING RESULTS & FINANCIAL POSITION

14

### Analysis of Overall Performance

The distribution business of the plastic resins, plastic, and petrochemical related products needs relatively high working capital. The key success factors of this business depend on the inventory management, the logistic systems that meet the clients' needs in time, cost of capital, receivables management and sales revenue. Due to this business has low gross profit margin, to build up more sales revenue will result in good net profit.

### Sales revenue

The Company had total sales revenue of 3,662 million Baht in 2010, increased 1,015 million Baht from last year or equivalent to 38.32%. This was due to the improvement of purchasing power and the increase in selling price led by higher oil price resulting from global economic recovery. Another reason of this rise was the growth of the relevant industries such as packaging and automotive sectors, etc.

### Financial Operating Results

In 2010, total cost of sales and operating expenses were 3,506 million Baht, or 38.18% increased from last year. Our major expenses was costs of goods sold, an increase of 37.92% from last year which was in line with the increase of sales revenue. The costs of goods sold compared to sales value was maintained from 92.91% to 92.64% in 2010 due to nearly the same average gross profit margin.

GC incurred 114 million Baht in selling and administrative expenses, an increase of 46.57% from last year. This was due to the reversal of allowance for diminution in value of inventory in 2009 amounting to 21 million Baht whereas there was no such transaction in 2010. Additionally, in 2010 there was an increase in personnel expenses due to both annual salary adjustment and the additional number of staff as per business expansion.

Interest expenses were 7 million Baht, or 17.53% higher than last year's. This was due the rise in short term loan requirement during the year resulting from the increase in both accounts receivable and inventories coupled with the upward trend of interest rate during 2010.





As a result of the discussed factors, our net income rose to 124 million Baht in 2010 versus 96 million Baht in 2009 or equivalent to 29.06% increased.

### Comparison of Financial Position (FY2010/2009)

**Assets:** As of 31 December 2010, GC recorded total assets of 1,018 million Baht, representing an increase of 190 million Baht from last year. This was mainly due to the increase in trade accounts receivable and inventories. The assets with major changed were as follows:

As of 31 December 2010 total current assets showed 866 million Baht, an increase of 190 million Baht or 28.07% increased from last year. This was mainly due to the increase in trade accounts receivable of 123 million Baht from 386 million Baht in 2009 to be 508 million Baht in 2010 resulting from our business expansion into Synthetic Rubber market which has longer credit term. In addition, the major portion of accounts receivable or equivalent to 73.34% was not yet due resulting from the higher monthly sales revenue.

While inventories showed 325 million Baht as of 31 December 2010, an increase of 59 million Baht or 22.07% increased from last year. This was due to the higher inventory unit costs compared to last year's. In addition, the longer lead time of some imported products had caused the company to maintain high level of inventory for our main customers.

**Liabilities:** As of 31 December 2010, GC recorded total liabilities of 598 million Baht, an increase of 166 million Baht or 38.23% increased from the previous year. The major liabilities were short-term loans from financial institutions and trade accounts payable. The ending 2010 balance of short-term loan was 350 million Baht versus 220 million Baht as of 2009 or equivalent to 59.09% increased resulting from higher accounts receivable and inventories. This was also caused the Debts to Equity Ratio rose to 1.43 times compared to 1.10 times of 2009.

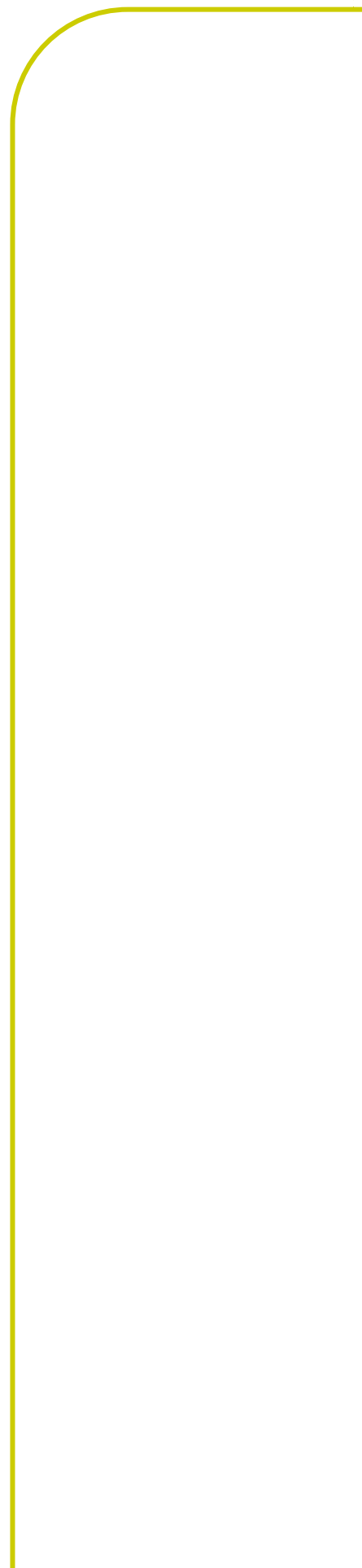
**Sources of Funds:** The structure of GC's funds in 2010 was not much different from those of 2009 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, bank overdrafts, and trade accounts payable.



**Shareholders' Equity:** As of 31 December 2010, the portion of shareholders' equity amounted to 419 million Baht, an increase of 24 million Baht, or 6.14%, due to a rise in net profit from operations of fiscal year 2010 deducted dividend paid.

**Liquidity:** In 2010 GC had better liquidity. Since after listed, GC had good fund from the IPO proceeds at the end of 2005 and the working capital from deposits redemption at the beginning of 2006. This caused a better working capital management to reduce the cost of fund.

In 2010 GC had a current ratio at 1.46 times compared to 1.58 times in 2009. The key factor was the increase in short term loans and trade accounts payable in accordance with sales growth.





To: The Shareholders

The Audit Committee of Global Connections Public Company Limited, which was appointed by the resolution of the Board of Director's meeting, consists of three independent directors as follows:

- |                                       |                             |
|---------------------------------------|-----------------------------|
| 1. Dr. Pisit Leeahtam                 | Chairman of Audit Committee |
| 2. Assoc.Prof.Chawalee Pongpatirochna | Audit Committee             |
| 3. Mr. Suchart Suphayak               | Audit Committee             |

For the year 2010, the Audit Committee had independently accomplished their assigned tasks with no limitations in gathering the Company's information in any aspects. The Audit Committee had organized totally 5 meetings with concerned management, these meetings included external auditor 4 meetings. Furthermore The Audit Committee had 1 meeting in separate executive sessions with the external auditor. The main important issues can be summarized as follows:

1. The Audit Committee considered the reviewed quarterly financial statement and the audited financial statement for the year 2010 with external auditor. The Audit Committee believed that The Company's financial report was made in accordance with Generally Accepted Accounting Principles and the disclosure of information was sufficient, complete and reliable. Moreover, The Audit Committee believed that the external auditor fulfill their duties with suitable and comply with professional accounting standard.
2. The Audit Committee appointed head of internal audit function and approved internal audit plan for the year 2011. The Audit Committee believed that the plan was appropriate by covering all significant operating activities and significant risks affected the Company business in accordance with the Company's risk assessment which the Audit Committee had reviewed and agreed with.
3. The Audit Committee reviewed internal audit activities to comply with the approved internal audit plan. And also discussed independently with internal auditors to obtain information, inquire and provide valuable notices and suggestions, including follow up the correction of significant issues as reported in the internal audit report. The Audit Committee believed that the Company provides appropriate internal audit system.



4. The Audit Committee reviewed internal control system and provided valuable suggestions regarding internal control system and any risks which the Company may encounter such as arrangement for new ERP (Enterprise Resource Planning) software. The Audit Committee believed that the Company has adequate internal control system in order to protect or reduce any significant risks which may occur, including the control is operating effectively.
5. The Audit Committee considered the Company budget for the year 2011 with concerned management to obtain information, inquire and provide valuable notices and suggestions.
6. The Audit Committee reviewed The Company's compliance with legislatures of the SEC and the regulations of the SET and laws relating to the Company's business. The Audit Committee believed that The Company comply with related laws and regulations and not found any significant violation.
7. The Audit Committee reviewed the connected transactions or the transactions that may lead to conflicts of interests, including the disclosure of certain transactions. The Audit Committee believed that certain transactions are reasonable and comply with the Company's normal operating business, including the disclosure are adequate in accordance with the regulations of the SET.
8. The Audit Committee selected and proposed for appointment of the authorized auditor and considered remunerations. The Audit Committee proposed the Board of Directors for further requesting the Shareholder's approval for appointing Ernst & Yound Office Limited, also recognized either of Khun Tippawan Nananuwat, C.P.A registration number 3459, and/or Khun Suppachai Panyawattano, C.P.A. registration number 3930, and/or Khun Termpong Panyawattano, C.P.A. registration number 4501. Anyone of them to be the Company's Auditor for another period of the fiscal year ended 31 December 2011.

(Dr. Pisit Leeahtam)

Chairman of Audit Committee

Global Connections Public Company

## STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

16

The Board of Directors has realized the importance of its role and responsibility on implanting the corporate governance principle into the company's management. This also means to ensure that the company's financial statement and financial information in the annual report is accurate, complete and in line with the accounting standard; thus, reflecting the actual financial status and operational results of the company and disclosing adequate important information to stakeholders and investors.

In this regard, the Board of Directors has focused on improving the management structure and internal control systems to boost the creditability of the company's financial statement. Such improvement also helps guarantee that the company is equipped with an effective system to monitor its assets and to prevent serious misconducts and other operational irregularities of the company.

The Board of Directors has appointed the Audit Committee comprising of a number of independent directors, who are fully qualified under the requirements by the Stock Exchange of Thailand. The Audit Committee is mainly responsible for maintaining the quality of the financial report and internal control systems. It is also responsible for any disclosure of connected transactions. The Committee's reviews on such matters will appear in this Annual Report and form 56-1 under the Audit Committee's Report.

The Board of Directors is of the opinion that the overall internal control systems of the company can be regarded as "satisfying". Therefore, the Board is confident that the company's financial statement as of 31st December 2010 reliable and is audited in line with the universally accepted auditing standards by the company's auditor; so it has reflected the adequate details of accurate financial status and operational results accords with the accepted accounting principles.



(Mr. Virah Mavichak)

Chairman of the Board



(Somchai Kulimakin)

Chairman of Executive committee







GLOBAL CONNECTIONS PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010 and 2009



## Report of Independent Auditor

To the Shareholders of Global Connections Public Company Limited

I have audited the balance sheets of Global Connections Public Company Limited as at 31 December 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Connections Public Company Limited as at 31 December 2010 and 2009, the results of its operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited  
Bangkok: 24 February 2011





Global Connections Public Company Limited

Balance sheets

As at 31 December 2010 and 2009

		(Unit: Baht)	
	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	26,394,464	20,914,737
Trade accounts receivable - net	7, 9	508,185,719	385,573,444
Inventories - net	10	325,083,537	266,312,614
Other current assets		6,488,575	3,531,923
<b>Total current assets</b>		<b>866,152,295</b>	<b>676,332,718</b>
<b>Non-current assets</b>			
Property, plant and equipment - net	11	145,772,646	145,198,714
Investment properties - net	4, 12	5,791,314	6,400,000
Other non-current assets		186,000	163,000
<b>Total non-current assets</b>		<b>151,749,960</b>	<b>151,761,714</b>
<b>Total assets</b>		<b>1,017,902,255</b>	<b>828,094,432</b>

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



**Global Connections Public Company Limited**

**Balance sheets (continued)**

**As at 31 December 2010 and 2009**

			(Unit: Baht)
	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	13	350,000,000	220,000,000
Trade accounts payable	7	203,156,622	174,948,367
Current portion of liabilities under finance lease agreements	14	2,962,881	3,799,444
Other current liabilities			
Accrued expenses		15,946,222	6,843,463
Corporate income tax payable		19,113,881	19,168,030
Value added tax payable		1,194,706	2,129,053
Withholding tax payable		790,593	1,667,414
Others		194,418	552,773
<b>Total current liabilities</b>		<u>593,359,323</u>	<u>429,108,544</u>
<b>Non-current liabilities</b>			
Liabilities under finance lease agreements - net of current portion	14	<u>5,117,957</u>	<u>3,841,065</u>
<b>Total non-current liabilities</b>		<u>5,117,957</u>	<u>3,841,065</u>
<b>Total liabilities</b>		<u>598,477,280</u>	<u>432,949,609</u>

The accompanying notes are an integral part of the financial statements



Global Connections Public Company Limited

Balance sheets (continued)

As at 31 December 2010 and 2009

			(Unit: Baht)
	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Shareholders' equity</b>			
Share capital			
Registered, issued and fully paid-up			
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000
Share premium		56,034,035	56,034,035
Retained earnings			
Appropriated - statutory reserve	15	20,000,000	20,000,000
Unappropriated		143,390,940	119,110,788
<b>Total shareholders' equity</b>		<b>419,424,975</b>	<b>395,144,823</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,017,902,255</b>	<b>828,094,432</b>

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

Directors





**Global Connections Public Company Limited**

**Income statements**

**For the years ended 31 December 2010 and 2009**

		(Unit: Baht)	
	<u>Note</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>			
Sales		3,661,838,078	2,647,351,430
Other income		16,464,881	17,507,878
<b>Total revenues</b>		<u>3,678,302,959</u>	<u>2,664,859,308</u>
<b>Expenses</b>			
Cost of sales		3,392,392,925	2,459,775,553
Reversal of allowance for diminution in value of inventories		-	(21,000,000)
		3,392,392,925	2,438,775,553
Selling expenses		21,851,622	17,374,290
Administrative expenses		54,693,195	49,292,582
Management benefit expenses	7	37,150,981	31,905,014
<b>Total expenses</b>		<u>3,506,088,723</u>	<u>2,537,347,439</u>
<b>Income before finance cost and corporate income tax</b>		172,214,236	127,511,869
Finance cost		(6,840,823)	(5,820,706)
<b>Income before corporate income tax</b>		165,373,413	121,691,163
Corporate income tax		(41,093,261)	(25,391,803)
<b>Net income for the year</b>		<u>124,280,152</u>	<u>96,299,360</u>
<b>Basic earnings per share</b>	17		
Net income		<u>0.62</u>	<u>0.48</u>
Weighted average number of ordinary shares (shares)		<u>200,000,000</u>	<u>200,000,000</u>

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



Global Connections Public Company Limited  
Statements of changes in shareholders' equity  
For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Issued and fully paid-up	Share premium	Retained earnings		
	Note	ordinary shares		Appropriated - statutory reserve	Unappropriated	Total
Balance as at 31 December 2008		200,000,000	56,034,035	20,000,000	74,811,428	350,845,463
Dividend paid	20	-	-	-	(24,000,000)	(24,000,000)
Interim dividend paid	20	-	-	-	(28,000,000)	(28,000,000)
Net income for the year		-	-	-	96,299,360	96,299,360
Balance as at 31 December 2009		200,000,000	56,034,035	20,000,000	119,110,788	395,144,823
Balance as at 31 December 2009		200,000,000	56,034,035	20,000,000	119,110,788	395,144,823
Dividend paid	20	-	-	-	(52,000,000)	(52,000,000)
Interim dividend paid	20	-	-	-	(48,000,000)	(48,000,000)
Net income for the year		-	-	-	124,280,152	124,280,152
Balance as at 31 December 2010		200,000,000	56,034,035	20,000,000	143,390,940	419,424,975

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



**Global Connections Public Company Limited**

**Cash flow statements**

**For the years ended 31 December 2010 and 2009**

	(Unit: Baht)	
	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>		
Net income before tax	165,373,413	121,691,163
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities :-		
Depreciation	12,912,518	11,557,186
Reversal of allowance for doubtful accounts	(1,000,000)	-
Write-off for bad debts	606,483	-
Reversal of allowance diminution in value of inventories	-	(21,000,000)
Gain on sales of motor vehicles and equipment	(878,646)	(413,194)
Unrealised loss on exchange	179,005	69,646
Interest expenses	<u>6,840,823</u>	<u>5,820,706</u>
Income from operating activities before changes in operating assets and liabilities	184,033,596	117,725,507
Operating assets (increase) decrease		
Trade accounts receivable	(122,218,758)	(102,346,748)
Inventories	(58,770,923)	60,373,475
Other current assets	(2,979,652)	341,099
Other non-current assets	-	15,011
Operating liabilities increase (decrease)		
Trade accounts payable	28,029,250	72,541,035
Accrued expenses	9,048,963	3,027,472
Other current liabilities	<u>(2,169,523)</u>	<u>2,264,676</u>
Cash flow from operating activities	34,972,953	153,941,527
Cash paid for interest expenses	(6,383,536)	(5,773,179)
Cash paid for corporate income tax	<u>(41,147,410)</u>	<u>(16,625,010)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>(12,557,993)</u>	<u>131,543,338</u>





Global Connections Public Company Limited

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

	(Unit: Baht)	
	2010	2009
<b>Cash flows from investing activities</b>		
Acquisition of motor vehicles and equipment	(6,832,799)	(2,625,260)
Proceeds from sales of motor vehicles and equipment	878,718	425,233
<b>Net cash flows used in investing activities</b>	<u>(5,954,081)</u>	<u>(2,200,027)</u>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans from financial institutions	130,000,000	(70,000,000)
Cash paid for liabilities under finance lease agreements	(6,008,199)	(4,438,792)
Dividend paid	(52,000,000)	(24,000,000)
Interim dividend paid	<u>(48,000,000)</u>	<u>(28,000,000)</u>
<b>Net cash flows from (used in) financing activities</b>	<u>23,991,801</u>	<u>(126,438,792)</u>
<b>Net increase in cash and cash equivalents</b>	5,479,727	2,904,519
Cash and cash equivalents at beginning of year	<u>20,914,737</u>	<u>18,010,218</u>
<b>Cash and cash equivalents at end of year</b>	<u>26,394,464</u>	<u>20,914,737</u>
	-	-

Supplemental cash flows information :-

Non-cash transactions

Motor vehicles purchased under finance lease agreements	6,045,037	-
---	-----------	---

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



## Global Connections Public Company Limited

### Notes to financial statements

For the years ended 31 December 2010 and 2009

#### 1. Corporate information

Global Connections Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the wholesale of plastic and plastic-related products. The registered office of the Company is at 13/1 Moo 2 King-Kaew Road, Rachateva, Bangplee, Samuthprakarn.

#### 2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except for the early adoption of TAS 40 (revised 2009) Investment Property, and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):



## Framework for the Preparation and Presentation of Financial Statements

(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate





b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

#### **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.



#### 4. Change in accounting policy

During the current year, the Company has changed its accounting policy for recording investment properties by adoption of TAS 40 (revised 2009) Investment Property. In changing this accounting policy, the Company has restated the Company's 2009 financial statements to be presented for comparative purposes along with the financial statements for 2010. The adjustment lays no effect on previously reported shareholders' equity and no effect to the income statements for the years 2010 and 2009. However, this adjustment affects the balance sheets as at 31 December 2010 and 2009 by changing the title from "Assets awaiting sale" to "Investment properties" in the same amount.

#### 5. Significant accounting policies

##### 5.1 Revenue recognition

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### 5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

##### 5.4 Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value.

##### 5.5 Property, plant and equipment and depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:



Buildings	-	20, 30 years
Office equipment	-	3, 5 years
Furniture and fixtures	-	5, 10 years
Tools and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and land improvements.

#### 5.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings which are classified as investment property is calculated by reference to their costs on a straight-line basis over the estimated useful lives of 20 years. Depreciation is included in determining income.

No depreciation is provided on land.

#### 5.7 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 5.8 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.





Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as expense in the income statements on a straight-line basis over the lease term.

#### **5.9 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

#### **5.10 Impairment of assets**

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

#### **5.11 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **5.12 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



### 5.13 Income tax

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.

## 6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant accounting judgements and estimates are as follow:

### Leases

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

### Allowance for doubtful accounts

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

### Allowance for diminution in value of inventories

In determining an allowance for diminution in value of inventories, the management needs to make judgement and estimates based upon, among other things, slow-moving inventories and net realisable value.

### Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.



#### Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

## 7. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)			
	2010	2009	Transfer pricing policy
<u>Transactions with related companies</u>			
Sales of finished goods	28.0	45.5	Similar to market price
Purchases of finished goods	-	15.6	Cost plus margin
Purchases of equipment	0.4	0.4	Market price
<u>Transactions with management and directors</u>			
Sales of assets	0.9	-	At a rate set in the Company's regulation

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related companies are shown under the caption of trade accounts receivable and trade accounts payable in the balance sheets. Details are as follows:





	(Unit: Baht)	
	2010	2009
<u>Trade accounts receivable - related companies</u>		
Integrity Plastics Company Limited	1,312,606	5,500,857
New Modern Super Pack Company Limited	181,365	-
Total trade accounts receivable - related companies	1,493,971	5,500,857
<u>Trade accounts payable - related companies</u>	-	1,500,547
Integrity Plastics Company Limited	-	1,500,547

#### Management benefit expenses

Management benefit expenses are benefits paid to directors and executives of the Company. They comprise of management remuneration such as salaries, bonuses and contribution to the provident fund and directors' remuneration such as meeting allowances, monthly stipends and gratuities. Executives of the Company are as defined by the regulation of the Securities and Exchange Commission and comprise all directors, the managing director, the four most senior executives below the managing director, and all executives holding equivalent positions to the fourth most senior executive.

Management benefit expenses for the years ended 31 December 2010 and 2009 were as follows:

	(Unit: Baht)	
	2010	2009
Management remuneration	33,150,981	27,905,014
Directors' remuneration	4,000,000	4,000,000
Total	37,150,981	31,905,014



## 8. Cash and cash equivalents

	(Unit: Baht)	
	2010	2009
Cash	60,000	60,000
Bank deposits	26,334,464	20,854,737
<b>Total</b>	<b>26,394,464</b>	<b>20,914,737</b>

As at 31 December 2010, bank deposits in saving accounts carried interests between 0.05 and 0.10 percent per annum (2009: between 0.05 and 0.10 percent per annum).

## 9. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

	(Unit: Baht)	
	2010	2009
<u>Unrelated companies</u>		
Not yet due	371,938,694	266,337,122
Past due		
Up to 1 month	125,093,496	101,877,116
1 - 3 months	10,643,900	8,777,691
3 - 6 months	-	4,450,987
6 - 12 months	391,561	810,434
Over 12 months	10,624,097	10,819,237
<b>Total</b>	<b>518,691,748</b>	<b>393,072,587</b>
Less: Allowance for doubtful accounts	(12,000,000)	(13,000,000)
	<b>506,691,748</b>	<b>380,072,587</b>



(Unit: Baht)

	2010	2009
<u>Related companies</u>		
Not yet due	758,614	5,500,857
Past due		
Up to 1 month	735,357	-
<b>Total</b>	<b>1,493,971</b>	<b>5,500,857</b>
Trade accounts receivable, net	508,185,719	385,573,444

## 10. Inventories

(Unit: Baht)

	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	295,295,797	237,285,614	(8,000,000)	(8,000,000)	287,295,797	229,285,614
Goods in transit	37,787,740	37,027,000	-	-	37,787,740	37,027,000
<b>Total</b>	<b>333,083,537</b>	<b>274,312,614</b>	<b>(8,000,000)</b>	<b>(8,000,000)</b>	<b>325,083,537</b>	<b>266,312,614</b>





## 11. Property, plant and equipment

(Unit: Baht)

	Land and land improvements	Buildings	Office equipment, furniture and fixtures	Tools and equipment	Motor vehicles	Total
<b>Cost:</b>						
31 December 2009	52,715,047	93,740,464	12,296,919	7,057,066	33,287,225	199,096,721
Additions	-	-	1,128,865	453,691	11,295,280	12,877,836
Disposals/write-off	-	-	(1,334,223)	-	(3,760,911)	(5,095,134)
31 December 2010	52,715,047	93,740,464	12,091,561	7,510,757	40,821,594	206,879,423
<b>Accumulated depreciation:</b>						
31 December 2009	-	22,323,123	9,842,302	4,794,102	16,938,480	53,898,007
Depreciation for the year	-	3,592,978	1,253,230	897,446	6,560,178	12,303,832
Depreciation on disposals/ write-off	-	-	(1,334,152)	-	(3,760,910)	(5,095,062)
31 December 2010	-	25,916,101	9,761,380	5,691,548	19,737,748	61,106,777
<b>Net book value:</b>						
31 December 2009	52,715,047	71,417,341	2,454,617	2,262,964	16,348,745	145,198,714
31 December 2010	52,715,047	67,824,363	2,330,181	1,819,209	21,083,846	145,772,646
<b>Depreciation for the year</b>						
2009 (included in selling and administrative expenses)					11,557,186	
2010 (included in selling and administrative expenses)					12,303,832	

As at 31 December 2010, the Company has motor vehicles under finance lease agreements with net book value amounting to approximately Baht 13.1 million (2009: Baht 11.5 million).

As at 31 December 2010, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 12.3 million (2009: Baht 12.5 million).



## 12. Investment properties

These represent land and buildings which is its former office location. At present, the Company does not use such land and buildings for its operation and intends to sell them.

		(Unit: Baht)
<b>Cost</b>		
31 December 2009		12,139,973
31 December 2010		12,139,973
<b>Accumulated depreciation and impairment</b>		
31 December 2009		5,739,973
Depreciation for the year		608,686
31 December 2010		6,348,659
<b>Net book value</b>		
31 December 2009		6,400,000
31 December 2010		5,791,314

As at 31 December 2010 and 2009, the fair value of investment properties is approximately Baht 6.4 million which has been determined based on valuations performed by an independent professional valuer, using the market approach.

## 13. Short-term loans from financial institutions

					(Unit: Baht)
	Interest rate		2010	2009	
	2010	2009			
	(percent per annum)				
Promissory notes	Market rate	Market rate	350,000,000	220,000,000	
Total			350,000,000	220,000,000	

As at 31 December 2010, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 747 million.



#### 14. Liabilities under finance lease agreements

	(Unit: Baht)	
	2553	2552
Liabilities under finance lease agreements	8,933,137	8,224,337
Less: Deferred interest expenses	(852,299)	(583,828)
	8,080,838	7,640,509
Less: Portion due within one year	2,962,881	(3,799,444)
Liabilities under finance lease agreements - net of current portion	5,117,957	3,841,065

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

As at 31 December 2010, future minimum lease payments required under the finance lease agreements were as follows:-

	(Unit: Million Baht)		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	3.3	5.6	8.9
Deferred interest expenses	(0.4)	(0.5)	(0.9)
Present value of future minimum lease payments	2.9	5.1	8.0

#### 15. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the Company's statutory reserve reaches 10 percent of the registered share capital.



## 16. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Baht)	
	2010	2009
Salaries and wages and other employee benefits	67,643,709	58,633,241
Depreciation	12,912,518	11,557,186
Reversal of allowance for diminution in value of inventories	-	(21,000,000)
Rental expenses from operating lease agreements	4,796,430	3,880,674
Purchase of inventories	3,385,409,068	2,319,761,507
Custom duty and clearing expenses	48,103,357	33,847,289
Changes in inventories of finished goods	(58,010,182)	92,207,301

## 17. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

## 18. Segment information

The Company's operations comprise the wholesale of plastic and plastic-related products to both domestic and export markets. The domestic sales represented more than 98 percent of total sales. The Company's operations involve a single industry segment and are carried out from the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

## 19. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 4 to 15 percent of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company contributed Baht 4.1 million (2009: Baht 4.0 million) to the fund.





## 20. Dividend paid

Dividend declared in 2010 and 2009 and already recorded consist of the followings:-

		(Unit: Baht)	
	Approved by	Total dividends	Dividend per share
Dividends for 2009	Annual General Meeting of the shareholders on 8 April 2010	52,000,000	0.26
Interim dividends for 2010	A Meeting of the Company's Board of Directors on 11 August 2010	48,000,000	0.24
Total for 2010		100,000,000	0.50
Dividends for 2008	Annual General Meeting of the shareholders on 3 April 2009	24,000,000	0.12
Interim dividends for 2009	A Meeting of the Company's Board of Directors on 13 August 2009	28,000,000	0.14
Total for 2009		52,000,000	0.26

## 21. Commitments and contingent liabilities

### 21.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of warehouse and equipment. The terms of the agreements are generally between 1 and 3 years. As at 31 December 2010, future minimum lease payments within 1 year under these lease agreements amounted to approximately Baht 5.1 million.

### 21.2 A commitment under trade credit insurance policy

The Company has entered into a commitment under trade credit insurance policy with an insurance company in which the Company is to pay the minimum insurance premium amounting to approximately Baht 0.9 million in 2011.



### 21.3 Guarantees

As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 72 million issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These are letters of guarantee to guarantee payments due to creditors.

### 21.4 Standby letter of credit

As at 31 December 2010, the Company had outstanding commitments of approximately USD 0.2 million from the standby letters of credit issued to guarantee the payments of goods of a customer.

### 21.5 Litigation

On 15 July 2009, the Company was sued by a customer, claiming compensation of approximately Baht 10.2 million plus interest at the rate of 7.5% per annum as from 15 July 2009, for a breach of sale and purchase contract. The Court of First Instance judged to dismiss such case on 15 June 2010. Subsequently, the customer filed an appeal against the judgment on 9 August 2010 to the Appeal Court. The case is currently under consideration of the Court and has not yet been finalised. However, the management believes that the Company will not suffer any loss from this lawsuit and no provision for such contingent liability has therefore been set aside in the account.

## 22. Financial instruments

### 22.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, trade accounts payable and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the balance sheets.



#### *Interest rate risk*

The Company's exposure to interest rate risk relates primarily to its short-term borrowings, cash at banks and liabilities under finance lease agreements. However, since short-term borrowings bear fixed interest rates which are close to the market rate and most of the Company's financial assets and liabilities bear non-interest, the interest rate risk is expected to be minimal.

#### *Foreign currency risk*

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Company has no forward contracts outstanding at the balance sheet date.

As at 31 December 2010, the Company's foreign currency-denominated trade accounts payable amounting to approximately USD 2.5 million was unhedged.

#### **22.2 Fair values of financial instruments**

Since the majority of the Company's financial assets and liabilities are short-term in nature and loans are bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.



## 23. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2010, the Company's debt-to-equity ratio was 1.4:1 (2009: 1.1:1).

## 24. Subsequent events

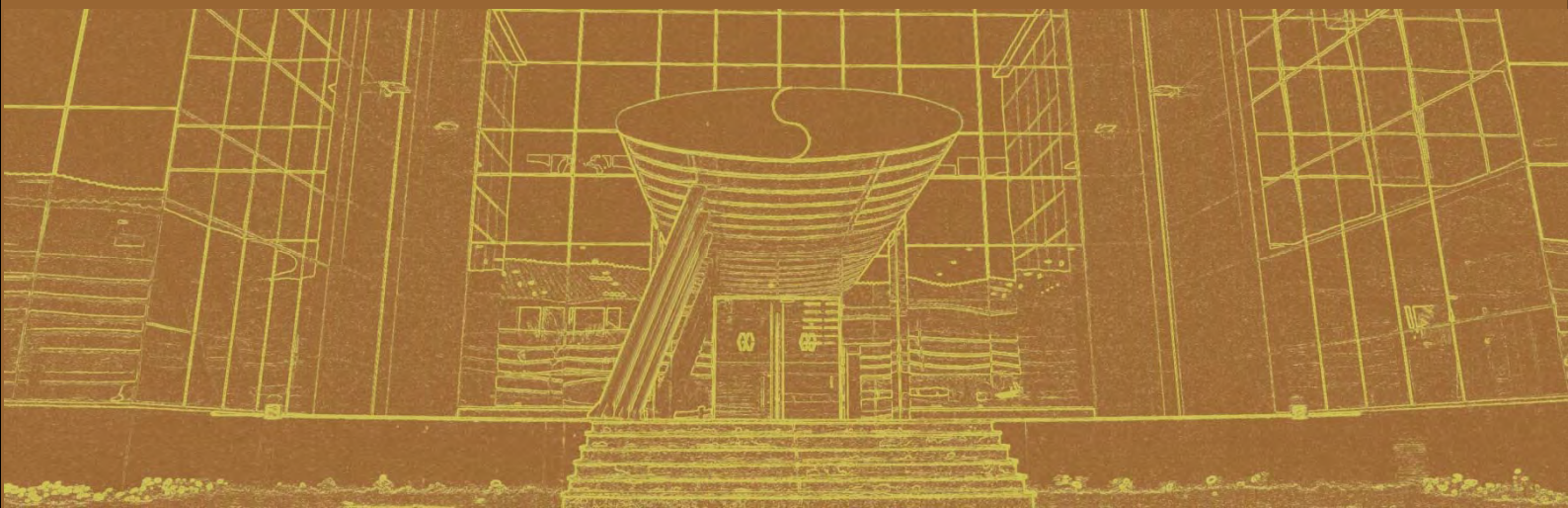
On 24 February 2011, the Board of Directors passed a resolution to propose the payment of a dividend in respect of the 2010 earnings of Baht 0.50 per share, or a total of Baht 100 million. The Company paid an interim dividend of Baht 0.24 per share, or a total of Baht 48 million, in September 2010. The remaining of Baht 0.26 per share, or a total of Baht 52 million will be paid and recorded after being approved by the Annual General Meeting of the shareholders.

## 25. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2011.







**GLOBAL  
CONNECTIONS**  
PUBLIC COMPANY LIMITED

Head office

Home Page

Telephone

Facsimile

13/1 Moo 2 Kingkaew Rd., Rachateva,  
Bangplee, Samuthprakarn 10540 , Thailand

<http://www.gc.co.th>

+66 (0)2763-7921, +66 (0)2763-7999,

+66 (0)2763-7923-42

+66 (0)2763-7949, +66 (0)2312-4880-1