



GLOBAL HOUSE

SIAM GLOBAL HOUSE CO., LTD

ANNUAL REPORT

2018





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In this regards, investors may obtain further information from form 56-1 at www.set.or.th

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Message from Chairman

ANNUAL REPORT 2018 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Dear shareholders



Overview of material construction industry is likely to grow increase of economy and consumer's purchasing power since past years. Thus, the analyst has positive signal of material construction business that the profit will increased continuously in 3-5 years apart.

Year 2018, Global House has continuously shown the potential of strong operate which has made a profit from last year up to 24.25%. In 2018, Global House has opened a new 6 branches in domestic and 1 branches in Phnom Penh, Cambodia in 4th quarter under the name "Global House (Cambodia) Co., Ltd" which is the first material construction and decoration product center in Cambodia which the company has a good response from either local customer and neighbor country. At part of services, Global House has brought automated storage and recovery system to improve services for the customer combined with efficient operations management cause Global House will continuously to make a good profit and investment return to the shareholders.

Global House are determinate to Corporate Social Responsibility combined with sustainable growth which In the past year, Directors and executives of company has build a library building for Muang At Samat Primary school to be knowledge source for student and local people, charity support for event "At Samat Mini Marathon 2018" with the propose to renovate outpatient building and donate medical tools for At Samat Hospital, donate medical tools 100,000 Baht for each branches which is Chok Chai branch, Ayuttaya branch, Chainat branch, Dankuntod branch, Fang branches, Mae Hong Son branches.

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

Yours Sincerely,

(Mr. Apisit Rujikeatkamjorn)
Chairman

Message from Chief Executive Officer

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Dear shareholders



Year 2018, it's a year of inconsistency of external and internal factors which occurs to business sector whether it be trade war, currency or online business.

However, we have improved strategy and increased new branches of which 6 branches in Thailand and 1 branch in Phnom Penh, Cambodia. We are able to open operation in total of 61 branches nationwide and renovate older stores to offer more variety of products, new decoration inside store to satisfy more customers which had help us to achieve a revenue of 26,196 million baht, gross profit of 5,284 million baths, net profit of 2,004 million baths which increased from year 2017 up to 21.55, 23.26, 24.25 percentage respectively

For our IT system, we considered it as core of business competence. We've build on the ERP system which we developed in-house so that open source can we fully implemented in all our system allowing more flexibility, greater control of resources. We also develop our procurement system to AI system which can increase the effectiveness of our work and ultimately reduced costs.

Finally, I would like to thank you all the shareholders for encouraging our team. I promise to continue to lead the company to years strong growth and prosperity as one already proven in the past 20 years.

Yours Sincerely,



(Mr. Witoon Suriyawanakul)
Chief Executive Officer

01

Financial Highlights



1. Financial Highlights for the year 2016 - 2018

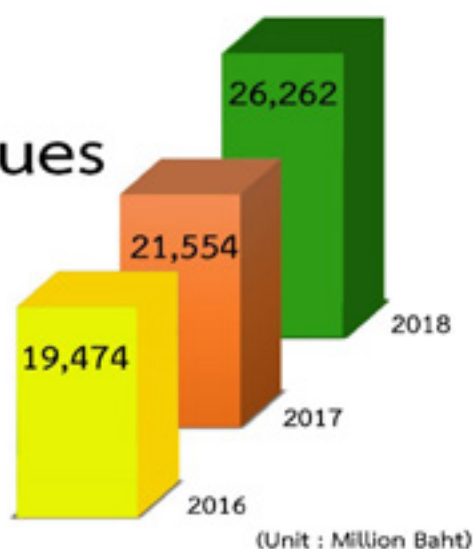
(Unit : Million Baht)

Summary of Financial Statements Information	Consolidated Financial		Financial Statements in the Equity Method		Separate Financial Statements
	2018	2017	2018	2017	2016
Income Statement					
Sales	25,402.07	20,830.56	25,336.49	20,830.56	18,857.44
Total Revenues	26,262.41	21,552.18	26,196.49	21,552.13	19,474.11
Gross Profit	5,305.93	4,286.91	5,283.83	4,286.91	3,877.03
EBIT	2,713.37	2,146.97	2,727.02	2,161.42	2,254.43
Net Profit (Loss)	1,990.66	1,602.09	2,003.86	1,612.94	1,676.03
Balance Sheet					
Total Assets	31,016.98	28,229.56	30,567.90	28,177.34	23,058.76
Total Liabilities	16,130.62	14,849.46	15,897.57	14,830.29	10,721.60
Total Shareholders'Equity	14,886.37	13,380.10	14,670.33	13,347.05	12,337.16
Financial Ratio					
Gross Profit Margin (%)	20.89	20.58	20.85	20.58	20.56
Net Profit Margin (%)	7.58	7.43	7.65	7.48	8.58
Return on Equity (%)	14.08	12.46	14.30	12.56	12.30
Return on Assets (%)	6.72	6.25	6.82	6.30	7.27
Debt to Equity Ratio (Time)	1.08	1.11	1.08	1.11	0.87
Earnings per Share					
Earnings per Share (Baht / share)	0.5006	0.4020	0.5008	0.4031	0.4363
Book Value per Share (Baht / Share)	3.7202	3.4831	3.6662	3.4745	3.3745
Common Stocks (Shares)	4,001,469,549	3,841,414,033	4,001,469,549	3,841,414,033	3,658,492,121

Total Revenues

Over 2017

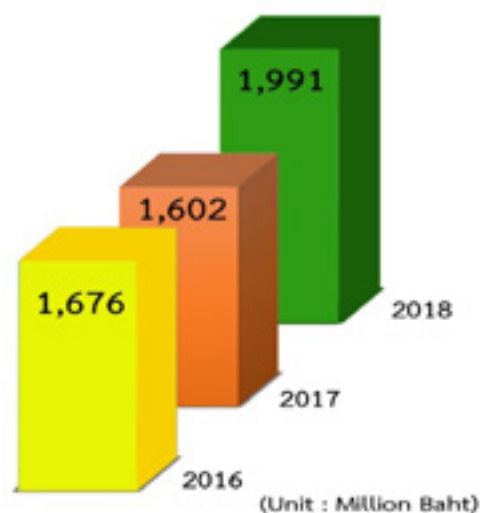
+ 21.85 %



Net profit

Over 2017

+ 24.25 %

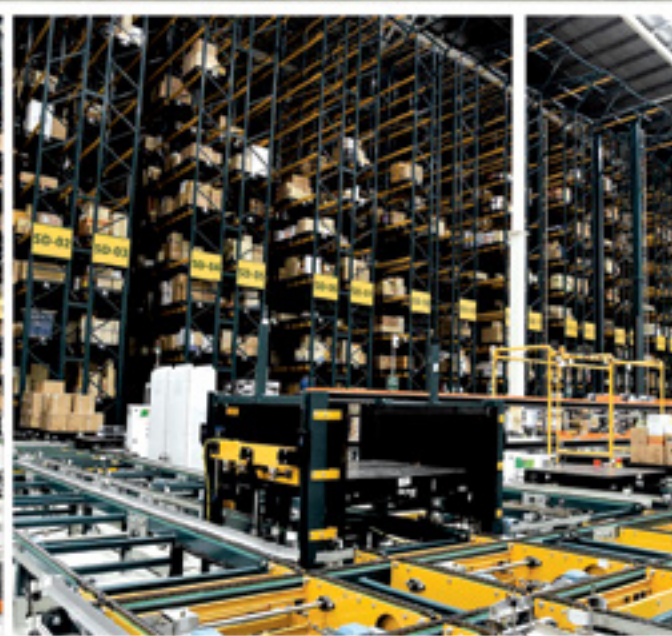


Total Assets

Over 2017

+ 9.87 %





02

General Information



2. General Information

Siam Global House Public Company Limited has established from the merge of two companies (Siam Global House Company Limited and Siam Global House Khon Kaen Company Limited) on 8th June 2007 with initial registered capital of 700,000,000 million Baht. The main objective of the company is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. The company opened its first branch in Roi Et. Operated by Mr.Witoon Suriyawankul who had experience in construction business over 20 years. Global House operates under the concept “All Inclusive for Your House”. “Global House” was the first of its kind which adopted “the modern trade Innovation system” to distribute construction materials, decorative items and gardening products. The store contains various categories of items more than 240,000 SKUs, over million items. All in the huge store warehouse under the same roof where feature average area of 18,000-32,000 sq.m in order to provide our customers the convenience of viewing, feeling, and selecting the product themselves.

Siam Global House’s Information

Company’s Listed Name	: Siam Global House Public Company Limited
Symbol	: GLOBAL
Registration No	: 0107551000029
Type of Business	: Selling goods and providing complete range of services relating to construction, decorations, tools, office equipment, and additional improvement of buildings, houses, and other places as One Stop Shopping.
Address	: 232 Moo 19, Rob Muang, Muang, Roi Et, Thailand 45000
Telephone	: 0-4351-9597
Fax	: 0-4351-1492, 0-4351-9649
Home Page	: www.globalhouse.co.th
Registered Capital	: 4,001,472,951.00 Baht
Paid-up Capital	: 4,001,469,549.00 Baht
Par Value	: 1 Baht



โกลบอลเฮ้าส์

GRAND OPENING

Ceremony

2561



โกลบอลเฮ้าส์
GRAND OPENING
Ceremony
2561



Branches Information.

1	Roi Et 232 Moo 19 T.Robmung A.Muang Roi Et 45000	15	Nakhon Phanom 147 / 3 Pracharummit Rd. T.Nongyat A.Muang Nakhon Phanom 48000
2	Khon Kaen 377 Moo 21 Maliwan Rd. A.Muang Khon Kaen 40000	16	Chaiyaphum 8 Moo 11 A.Muang Chaiyaphum 36000
3	Udon Thani 202 Moo 5 T.Sam Prao A.muang Udon Thani 41000	17	Surin 88 Moo 13 T.Cha Neang A.Muang Surin 32000
4	Wieng Khum Kam 99 / 3 Moo 11 A.Sarapee Chiang Mai 50140	18	Phitsanulok 9 / 9 Moo 7 T.Wat Chan A.Muang Phitsanulok 65000
5	Rayong 137 Moo 4 T.Tub Ma A.Muang Rayong 21000	19	Lamphun 161 Moo 5 A.Muang Lamphun 51000
6	Chon Buri 25 / 74 Moo 3 T.Ban Suan A.Muang Chon Buri 20000	20	Mukdahan 35 / 8 Chayangkun Rd. A.Muang Mukdahan 49000
7	Nakhon Prathom 222 Moo 8 A.Muang Nakhon Prathom 73000	21	Phare 158 Moo 2 A. Sungmen Phare 54130
8	Ratch Buri 280 Moo 2 T.Chedee Hak A.Muang Ratch Buri 70000	22	Lampang 518 Moo 11 A.Muang ampang 52000
9	Kalasin 193 Moo 10 T.Lam Phan A.Muang Kalasin 46000	23	Nan 288 Moo 11 T. Chaisatan A. Muang Nan 55000
10	Nakhon Sawan 99 / 6 Moo 10 A.Muang Nakhon Sawan 60240	24	Sukhothai 88 Moo 6 T.Bankluy A. Muang Sukhothai 64000
11	Maha Sarakam 28 Sarakam –Wapeeprathum Rd. Mahasarakam 44000	25	Ban Pai 77 Moo 6 A. Ban Pai Khon Kaen 40110
12	Nong Khai 365 Moo 6 A.Muang Nong Khai 43000	26	Kampangpetch 11 Moo 10 A.Muang Kampangpetch 62000
13	Nakhonratchasima 493 Moo 2 A.Muang Nakhon Ratchasima 30000	27	Ubonratchathani 90 Moo 2 T.Nonpung A. Warinchumrab Ubonratthani 34190
14	Sakhon Nakhon 444 Moo 9 A.Muang Sakhon Nakhon 47000	28	Ban Tad 823 Moo 4 A.Muang Udon Thani 41000

Branches Information

29	Lopburi	43	Chiang Rai
	41 / 3 Moo 1 A. Muang Lop Buri 15000		296 Moo 1 T.Thasai A.Muang Chiang Rai 57000
30	Trad	44	Suratthani
	62 / 26 Moo 5 A. Muang Trad 23000		17 / 5 Moo 2 T.Bangkung A.Muang Suratthani 84000
31	Chanthaburi	45	Kanchanaburi
	83 Moo 6 T.Kaovo A.Tamai Chanthaburi 22000		116 Moo 8 T.Kaengsean A.Muang Kanchanaburi 71000
32	Nongbualamphu	46	Nakhonsithammarat
	240 Moo 9 T.Nongbua A. Muang Nongbualamphu 39000		100 / 1 Moo 5 T.Phkphun A.Muang Nakhonsithammarat 80000
33	Petchboon	47	Prachuap Khirikhan
	333 Moo 12 T.Nangoa A.Muang Petchboon 67000		1 / 2 Phet Kasem Road T.Prachuap Khirikhan A.Muang Prachuap Khirikhan 77000
34	Buriram	48	Ang Thong
	54 Moo 16 T.Kasung A.Muang Buriram 31000		99 / 99 Moo 8 T.Phosa A. Muang Ang Thong 14000
35	Nakhonnayok	49	Uttaradit
	86 / 40 Moo10 A.Muang Nakhonnayok 26000		159 Moo 8 T.Pasao A.Muang Uttaradit 53000
36	Yasothon	50	Loei
	364 Moo3 T.Tadthong A.Muang Yasothon 35000		292 Moo 6 T.Na an A.Muang Loei 42000
37	Bungkan	51	Chom Phae
	328 Moo 10 T.Bungkan A.Muang Bungkan 38000		998 Moo 9 T.Chum Phae A.Chum Phae Khon Kaen 40130
38	Pranburi	52	Phang Khon
	1441 Moo2 A.Pranburi Pachaubkirikan77120		642 Moo 1 T.Phang Khon A.Phang Khon Sakon Nakhon 47160
39	Pathumthani	53	Phatthalung
	1 / 88 Moo3 T.Bangphonuea A.Samkhok Pathumthani 12160		228 Moo 10 T.Khao Chiek A.Muang Phatthalung 93000
40	Salaya	54	Chokchai
	8 / 8 M00 1 T.Songkanong A.Samphran Nakhonpathom 73210		363 Moo 12 T.Chokchai A.Chok Chai Nakhon Ratchasima 30190
41	Singburi	55	Tapharak
	68 Moo 4 T.Tonpho A.Muang Singburi 16000		76 / 12 Moo 3 T.Bang phli yai A.Bang Phli Samut Prakan 10540
42	Samutsongkram	56	Phra Nakhon Si Ayutthaya
	99 / 1 Moo 11 T.Ladyai A.Muang Samutsongkram 75000		50 / 3 Moo 5 T.Ban Krot A.Bang Pa-in Phra Nakhon Si Ayutthaya 13160

Branches Information

57	Chai Nat	60	Mae Hong Son
	798 Moo 5 T.Ban Kluai A.Muang Chai Nat 17000	61	Moo 11 T.Pang Mu A.Muang Mae Hong Son 58000
58	Dan Khun Thot	61	Nang Rong
	408 Moo 4 T.Dan Khun Thot A.Dan Khun Thot Nakhon Ratchasima 30210		1 / 89 T.Thanon Hak A.Nang Rong Buriram 31110
59	Fang		
	222 Moo 2 T.San Sai A.Fang Chiang Mai 50110		

Vision

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

Mission

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

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

Objectives & Goals

Siam Global House Public Company Limited objective is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of "Global House". Global currently has 61 stores covering 4 regions; the central and the eastern 19 branches ; Nakhon Pathom, Ratchaburi, Rayong, Lopburi, Chon Buri, Chanthaburi, Trad, Nakhonnayok, Pranburi, Salaya, Pathumtani Singburi, Samutsongkram, Kanchanaburi, Ang Thong, Taparak, Prachuap Khirikhan Phra Nakhon Si Ayutthaya and Chai Nat. The northeastern 25 branches; Roi Et, Khon Kaen, Udon Thani, Kalasin, Maha Sarakham, Nong Khai, Nakhon, Ratchasima, Sakon Nakhon, Nakhonphanom, Chaiyaphum, Surin, Mukdahan, Ban-Phai (Khon Kaen), Ubonratchatani, Ban Tad (Udonthani) Nongbualamphu, Buriram, Yasothon, Bungkan, Loei, Chum Phae, Phang khon, Chokchai, Dankhun Thot and Nang Rong. The northern 14 branches; Chiang Mai , Nakhon Sawan, Phitsanulok,

Lumphoon, Phare, Lampang, Nan, Sukhothai, Kampangeth, Petchboon, ChiangRai, Uttaradit, Fang and Mae Hong Son. The Southern 3 branches, Suratthani, Nakhonsithammarat and Phatthalung.

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

The company’s objective is to become the leader in retail business of construction and home improvement segment in order to provide our customers with varieties products all at affordable in one store. And realized that the business growth is continuing must come from the growth of the business and expanding stores. Therefore, the Company is focus on serving of the customers’ needs. It will be considered for a review of products and services processes, sourcing of products, reasonable pricing, an efficient storage of goods and cost effective. As well as goods presentation in each store, that depends on consumers behavior. In addition, the Company aims to expand stores which coverage the provinces to response the consumers’ need. In the year 2018, the Company expanded 6 stores and operation of Wang-Noi distribution Center. By the end of year, the Company has operated 61 branches.

03

Nature of Business



3. Nature of Business

The Structure of Business Group as 31 December 2018



Siam Global House PCL.

Business Type: Retailing building materials
and home decoration products



Global House International Co.,Ltd

Business Type : Holding Company
for investment in retail building materials
and home decoration products in ASEAN

Holds : 50 %



Global House Cambodia Co.,Ltd.

Business Type : Retailing building materials
and home decoration products in Cambodia

Holds : 55%

Nature of Business of the Company

“Global House” operates a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products under the concept One Stop Shopping Home Improvement Center. Our target markets are retail customers, small distributor, and professionals. “Global House” divided products into 2 groups;

Building Material Group	Decorative items
Cements and Construction materials	Doors, Windows and Woods
Steels, Nails and Wires	Hardware
Roofs and Installation tools	Electrical Accessories
Tanks, Pipes, Water Systems and Gardening	Sanitary wares and Kitchens
	Ceramic Tiles and Decorative items
	Paints and Chemicals
	Furniture and Appliances

Nature of Business of Subsidiary

Global House Cambodia Co.,Ltd (“GBC”) is a subsidiary and established on 27 February 2017. The objective for retailing construction materials and home decorate materials in Cambodia which Global House holds 55 % of GBC.

Global House International Co.,Ltd. (“GBI”) is a joint venture and established on 25 February 2015 by a partnership between Global House Public Company Limited and SCG Distribution Co.,Ltd. proportion of 50:50. The main objective is Holding Company for investment in retailing building materials and home decorate products in ASEAN. The investment of GBI focus on shareholding and participate with local partners. The knowledge and expertise in business management of GBI with local partner. Now , GBI has invested in the Lao People’s Democratic Republic by holding shares 34% of Suvanny Home Center Public Company.

Revenue Structure

The Company’s revenues include of sales revenue and other income, the detail are as follows;

Revenue Structure	Revenue (Unit : Million Baht)					
	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
1. Sale Revenue	25,336.49	96.47	20,830.56	96.65	18,857.44	96.83
1.1 Building Material Group	9,746.65	37.11	8,507.35	39.47	5,879.69	30.19
1.2 Decorative items	15,589.84	59.36	12,323.21	57.18	12,977.75	66.64
2. Other Revenue	860.00	3.28	721.62	3.35	616.67	3.17
3. Subsidiary Revenue	65.92	0.25	-	-	-	-
Total Revenue	26,262.41	100.00	21,552.18	100.00	19,474.11	100.00

Notes : Other revenue is the revenue service, rental, interest income and other income from gain and loss of foreign exchange, in store promotion of vendors

Product Lines and Services

The company distributes construction materials, decorative items and gardening products. All in large store warehouse under single roof under the name “Global House”. The store contains various categories of construction material and decorative item such as; construction material, roofing, steel, sanitary ware and ceramic tile, paint and chemical, electric and lighting, water system and plumbing, door and window, woodcraft and timber, furniture, tool, electric hardware, more than 240,000 SKUs. Each Global store features average area of 18,000 - 32,000 sq.m. and can accommodate more than 200 cars. The product can be divided into 2 categories.

Type of Goods	Example of Goods	Number of items
1. Building Material Group		
• Cement and Structure	Cement Portland, Cement Plaster	1,075
• Steel, Tack and Wire	Steel Round, Steel Deformed bars	3,800
• Tile and Equipment Installation	Ceramic Tile, Concrete Tile	11,424
• Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	17,692
2. Hardware and Decorative Group		
• Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	15,505
• Tools	Steels Tools, Wood Tools etc.	41,653
• Electricity and Equipment	Switch, Plug, Cables, Lighting	31,571
• Electrical Appliances and Kitchenware	Home Appliances and Kitchenware	24,409
• Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	24,174
• Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	26,344
• Painting and Chemical material	Paints, Base, Oil	16,289
• Furniture and Home Decoration Products	Bed, Wardrobe, Chairs, Mattress, Sofa, Office Equipments	16,178
• Sport and Leisure Equipments	Bicycle, Exercise Bike, Treadmill, Fitness Equipments	2,298
• Home and Cleaning Equipments	Sideboard, Shelves, Home Equipments, Cleaning Equipments	8,823
Total	244,235 Items	

From our concept “All Inclusive for your House”, Global provided the categories of product more than 240,000SKUs. As a result of this, the company adopted “the modern trade Innovation system” to establish large warehouse store. Furthermore, we have divided our store into 2 sections;

Area 1 : Shopping Area. This is the place where the customers are able to walk and view the product freely with plenty of service mind staffs who are ready to help and support the customers with the right knowledge immediately.

Area 2 : Drive Through Area. This is the place where distributes construction material. We prepare many facilities such as forklifts and overhead cranes for customer service. Moreover, in the concept of Drive Through system, customers can drive their vehicles through the store to collect their order, from placing order and driving off the store with the product, all within 10 minute.

Services

As a leading construction material and home improvement retailer we focus on being:

Fast – we provide our customers with a grab & go service. We have a unit called “Speed Man” who is ready to help customer loading customers’ heavy purchased items into their vehicles. We also heavily invest our resource on improving the utilization of Information Technology to speed up our work processes, which ultimately aim to improve service quality.

Right – because we understand that customers expect reliability from us, so we equipped all of our associates with the right knowledge of product and with the customer-oriented mind.

Cheap – customers can expect quality products at a lower-than-market price from us.

Easy – we want to provide an easy and welcoming atmosphere to all our customers.

Polite – all our associates are there to help out our customers in a polite and professional manner.

Special Order

This service provide for the customers who demand the product that the company doesn’t stock in the store.

Satisfaction Guarantee and Return Policy

The Company guarantees the satisfaction of customer. We offer the 30 days cash return policy for most of our product in the store. Customer just needs to bring the product and show the receipt (under the right terms and conditions).

Installation Service

The Company provides installation service to support our products with the installation guarantee for 180 days by specialist. Furthermore, “Lady Service” which service electric appliance installation and home improvement especially for lady customers.

Procurement and Management

Procurement

Procurement is managed and operated by our experienced team of buyers located in Roi Et head office. The department always searches for new products by following the concepts below:

1. Offering from Manufacturers
2. Sourcing team study the market and source new products accordingly
3. On basis of Customers’ preferences

Sourcing

The company distributes construction materials, decorative items and gardening products. All in the huge store warehouse under the same roof. The products separate into 2 sections, purchasing domestic products about 80% and importing products about 20% of all purchasing the details are as follows:

1. The company purchased products from local manufacturers as the product line. We have many of suppliers for more than 500 suppliers. We have supported each other in advertising, public relation, promotion and grand opening event for the new branches.

2. The company also purchased products from Chinese and Vietnamese manufacturers totaling more than 200 suppliers. The import products are granite tiles, glass brick, spa bathtub, shower curtain, plywood, steel door, hardware, knob, lamp, insulation, switch and plug, etc.

House Brand Products.

The Company currently has house brands products over 10,000 items. We are providing more alternatives for customer. Global house has registered house brands of good quality product and reasonable price. With the efforts of our Procurement team, we could provide longer guarantee service and low cost products that could make the company become the leading player in the industry.



Marketing and Competition

Competitors

We can divide our competitor into 2 groups :

1. Home Improvement Stores for example :

- 1.1 Home Pro manages by Home Product Center Public Company Limited under an objective to operate a retailing business. The company distributes construction material, home improvement under the concept “One Stop Shopping Home Center”. Home Pro currently has more than 84 branches. and Home Pro’S has 8 branches.

- 1.2 **Thai Watsadu** manages by CRC Power Retail Company Limited. The company distributes construction material, home improvement under the concept “One-Stop-Shopping Construction Material Suppliers for Thai”. Thai Watsadu has 45 branches.
 - 1.3 **Home Hub** manages by Mr. Ongat Tangmitpracha. The company distributes construction material, home improvement under the concept “Home Hub Fast and Easy”. Home Hub has 5 branches. They establish on Ubon Ratchathani for 3 branches, Khon Kaen and Udonthani.
 - 1.4 **Do Home** manages by Ubonwatsadu Co Ltd,. The company distributes construction material, home improvement under the concept “One-Stop Shopping and Cheap at Do Home”. They have 9 branches and establish on Ubon Ratchathani, Nakhon Ratchasima, Pathumthanee (Rung Sit, Klong 7), Khon Kaen , Udonthani, Rama2, Bangbuathong, Chiangmai and BangNa-Trad 38.
 - 1.5 **MEGA HOME** manage by Mega Home Center, the building materials distribution center and appliances. The major shareholder is Home Product Center Public Company Limited was operated 12 branches in Mae Sot ,Rangsit , Nong Khai Boa Win Kabinburi, Arunprathed, Minburi, Rojana, Hat yai, Nakhon Ratchasima, Nakhon Phanom and Chiang Rai.
 - 1.6 **Baan & BEYOND** manage by CRC Thai Watsadu Co.,Ltd. It’s department store for home and operated in year 2013, currently has 6 branches in Chaing Mai, Khon kean, Pattaya, Ratthanatibat, Ratchapruek and Phuket.
2. **Specialty Stores for example :**
- 2.1 **Small retail store :** Home mart, which have the objective to distribute the SCG product. However, the company still lack of the other products such as ceramic tile, paint, electrical equipment and pumping.
 - 2.2 **Ceramic and Sanitary ware Center :** Boonthavorn, Decormart, Grand Home Mart, Inter Sanitary Ceramic, and IKEA they all focus on ceramic and sanitary ware product.
 - 2.3 **Furniture and decorative :** such as Index Living Mall and SB Furniture. These companies sell decorative item, furniture, bed room set, living room set and kitchen accessories for high purchasing power customers.
 - 2.4 **Electronic Appliances :** Power Buy, it is managed by Central Retail Corporation. Power Mall, it is managed by The Mall Group.
 - 2.5 **Specialty Store :** such as paint store, pumping store, electrical equipment store hardware store etc. However, this kind of store still lack of diversity in product and operate under traditional trade concept.

04

Risk Factors



4. Risk Factors

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

4.1 Business Operation Risk

In the last year, the building material business was likely to gradually improve. Because of the government's policies to encourage investment and stimulate the economy such as the transportation infrastructure, that the government tried to accelerate investment. And not only the large projects but there were small and medium projects such as improvement of the road, irrigation dams and government buildings improvement which positive impact on the building material business. However, the market for building materials for individual consumers not able to improve well because of the economic had not recovered and the consumers slow down of spending.

The Company have realized on the risk and impact to the business operations and in order to business operating with target. The Company has determined the risk and risk management that may occur as follows.

1) Expansion Risk

In 2018, the company has opened 6 new stores that totaling 61 branches coverage 51 provinces i.e. Roi-Et, Khon Kaen (3 stores), Udonthani (2 stores), Chiang Mai (2 stores), Rayong, Chonburi, Nakhonprathom (2 stores), Ratchaburi, Kalasin, Nakhonsawan, Mahasarakam, Nong Kai, Nakhonratchasima 2 stores), SakonNakhon (2 stores), Nakhon Phanom, Chaiyaphum, Surin, Phitsanulok, Lamphun, Mukdahan, Phare, Nan, Lampang, Sukhothai, Kampangpetch, Ubonratchathani, Lopburi, Trad, Chanthaburi, Nongbualamphu, Petchboon, Buriram (2 stores), Nakhonnayok, Yasothon, Bungkan, Prachuap Khirikhan (2 stores), Pathumthani, Singburi, Samutsongkram, Chiang Rai, Suratthani, Kanchanaburi, Nakhonsithammarat, Ang Thong, Uttaradit, Loei, Phatthalung, Samut Prakan, Phranakhonsi Ayutthaya, Chai Nat and Mae Hong Son. Now, the Company still has 6 stores which have been under construction such as Phuket, Satun, Chiang Mai (Fang), Satun, Si sa ket (Knatharalak), Samut Sakhon (Krathum Bean), Chaing Rai (Mae Sai) and Nonthaburi (Sai Nai). which would be operate in 2019.

As, the investment in opening more new branch has to spend money around 300 - 400 million baht. So, the cost of high investment would be risk business if company could not complete the objective on time. The uncontrollable factors can also be effected any problem to company (for example, the business crisis in Thailand, the world business crisis, changed government in the country, and customer behavior).

In addition, to invest in new store, the company does probability research and analyze the environment of business and customer target in the area that company will get business into that area. Moreover, the company has more experience than 20 years of home improvement business. It is easy to find cheaper price than competitors about small cost of land and material of construction.

2) Risk from expanding oversea investment

The Company has expanded to Cambodia and opening the first store in Phnom Penh on 17 November 2018. It is the first branch in AEC (Asean Economic Community) and the first center of building materials and decoration goods in Cambodia. The Company considers readiness in various parts such as the opportunities of business growth, consumer's behavior and purchasing of consumer's power.

Due the Company has a policy to expand the investment in oversea continuously. The Company managed the risk from expanding oversea investment by studying marketing, law, tax government policies and other factors, in order to assess the impact and opportunities that may occurred for determine the investment plans to reduce the risk. _

3) Inventory Risk

As at December 31st, 2016, December 31st, 2017, and December 31st, 2018, the Company had inventory of 10,249.66 million Baht 12,603.61 million Baht and 13,297.75 million Baht respectively, or in percentage to total asset are 44.43%, 44.65% and 42.87%. In addition, the risks of inventory could be becoming damaged, lost, and obsolete. As for mitigation, the Company has plans and practices in place to manage inventory risks such as providing various channels and campaign (i.e. reduce price, buy one get another one for special price, and send coupon for complete any prize) to reduce slow moving stock.

In addition, the company installed the "Automated Storage & Retrieval System: ASRS" for stores that operated in the year 2016. ASRS is a warehouse management system be more efficient and reduced inventory by connecting IT with the management system of the company. That reduces the inventory risk of the company.

4) Competition Risk

The Company operates a retail business with products relating to houses and residential places where there are both direct (i.e. Home Pro, Home Mart, Thai Watsadu, Home Hub, and Do Home) and indirect competitors such as retailing shops, department stores, specialty stores, and general small retail shops. As, they will have gained some market shares. The Company will be effected by miss some target or some sales. So to avoid the affect, the Company has differentiated strategy. We do also offer a variety of products (more than 240,000 items) and complete more range of services. Furthermore, the Company do also outsource from the vary supplier to reduce the lack of product

5) Volatility of the Cost of Product

As, the cost of product can fluctuate from economic situation. This will caused some products that company sell in store. So, company has policy about vary price to control the product cost and do not have problem in inventory turnover. The company can also determine cheap price because it buys any product directed from the manufacturing

6) Conflagration Risk

As, the conflagration can damage life and destroy any products. So, the company has policy of fire protection by set up the first aid tools to prevent the unexceptional from fire such as fire extinguisher and rubber tube for water which can find in the proper area around the store. The company also check those tools everyday. Moreover, we also specify and train our staffs about how to do when the conflagration is happened. In addition, the company have been done the Residential and Commercial Property Insurance to defend any caused that can effect to company. We have to concern about the money value from supplier every time because we have to assure that our company are in the protection zone.

7) Natural Disasters

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

8) Customer's value and Obsolete Products Risk

The Company is the distributor of construction materials and furnishing products, that some kind of goods will be popular for a while only .That the Company may not sell the obsolete goods. Therefore, the Company managed by transferred those products to other branches or made the in stores promotion to reduce amount of obsolete goods. Furthermore, the Company has authority to negotiate with the suppliers that can change the new products replace the obsolete products, which reduced the risk of changes in the value's customers and the obsolescence products

9) Fraud

The company has a strong control framework in respect of potential fraud or other dishonest behavior, which is regularly reviewed by internal audit. A set of policies is in place to provide colleagues with clear guidance on behavior. In addition, there are 'whistle blowing' procedures in place to enable colleagues to raise concerns about possible improprieties on a confidential basis. Internal audit undertakes detailed investigations and highlights its findings to the Audit Committee.

4.2 Financial Risk

1) Financial Risk

Although the Company will repayment the long term loan to the financial institutions, but still keep the relationship by continuing to use credit limit with several banks in order to increase the ability of negotiate.

In addition, the company policy is to sell our product mostly in cash and hence most of our revenue is in cash. As in 2016 was 97.47 %, in 2017 was 98.60 % and in 2018 was 94.22 %. The figures is showing a decreasing trend as the Company is paying a lot of attention giving credits and only consider reliable projects and customers. As at December 31, 2018 the Company has account receivable of 164.63 million Baht.

However, for the credit sales, the Company will consider only project that has reliable financial status, which the company has analyzed the result of operation and financial status or having the contractor place with a letter of guarantee as security against debt payment, etc. Besides, the receivables that are more than 6 months but not exceeding 12 months, the allowance for doubtful bad debts is set to be 50 % and for the receivables that exceeding 12 months, the allowance for doubtful bad debts is normally set to be 100%. In 2018, the Company recorded the allowance for doubtful account of 4.61 million Baht and the last year, the Company had not bad debt.

2) Foreign Currency Volatility

The products in store are both domestic and import from international. As the fluctuation of exchange rate will be gain some problem because we cannot predict the world situation. So to reduce the risk of exchange rate, the company has policy to follow the foreign currency volatility. In addition, the company has to control any risk within the fluctuation of foreign exchange rates by used any forward Contract from banks to defend any risk if occur. The Company had 2 forward contracts and as of December 31, 2018. The volume of monetary is 4,110 million baht and 53.34 million USD, credit used is 55.29 million Baht. However, the Company not effected by exchange rate risk.

4.3 Risk from the major shareholder

1) The Major Shareholders' Risk more than 25%

As at 31 December 2018 the Suriyawanakuls and SCG Distribution Co.,Ltd. are the major shareholders that totaling 2,710,151,457 shares or 67.72 % of the total issued shares. Therefore the Suriyawanakuls and SCG Distribution Co.,Ltd. can control the resolution of the shareholders passed at all, the appointment directors or other matters that require the approval of a majority of the shareholders' meeting. Exception to the law or the Company determines to get 3 / 4 votes of AGM. So the other shareholders may not have enough votes to check and balance that proposed by major shareholders.

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Shareholding Structure



5. Shareholding Structure

Security& Shareholders

As at December 31, 2018, the Company has the authorized capital of 4,001,472,951.00 Baht and the paid-up capital amount 4,001,469,549.00 Baht. There are common stock of 4, 001,469,549 shares par values at 1 Baht per share.

The top ten of shareholders holding the shares on the closing date as of December 31, 2018

Rank	Name	Shares	Percentage (%)
1	The Suriyawanakuls	1,509,104,297	37.70
2	SCG Distribution Company Limited	1,201,047,160	30.02
3	Thai NVDR company Limited	188,853,270	4.72
4	Social Security Office	109,900,725	2.75
5	Mr. Jearanai Lerdrachkut	74,280,210	1.86
6	Mr. Boonyong Thanyawut	47,563,228	1.19
7	Mrs. Pitchaya Poonlarp	43,518,900	1.09
8	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	39,097,282	0.98
9	Bualuang Long - Term Mutual Funds (LTF)	26,013,183	0.65
10	SCB Dividend Stock 70/30 Long Term Equity Fund	19,234,798	0.48
11	Others	742,856,496	18.56
	Total	4,001,469,549	100.00

Note : Details of the Suriyawanakuls as following table.

List of the” Suriyawanakuls”

Rank	Name	Shares	Percentage (%)
1	Ms. Kunnatee Suriyawanakul	470,508,986	11.76
2	Mr. Kriengkrai Suriyawanakul	464,844,750	11.62
3	Mr. Kongphop Suriyawanakul	157,522,496	3.94
4	Ms. Chama Suriyawanakul	156,187,500	3.90
5	Ms. Kokrit Suriyawanakul	155,039,062	3.87
6	Mrs. Ratnawadee Suriyawanakul	27,057,314	0.68
7	Mr. Anavat Suriyawanakul	22,489,005	0.56
8	Mr. Witoon Suriyawanakul	20,926,768	0.52
9	Mrs. Warunee Suriyawanakul	18,085,727	0.45
10	Ms. Patumwan Suriyawanakul	5,368,666	0.13
11	Mr. Apilas Suriyawanakul	3,786,781	0.09
12	Mrs. Karuna Suriyawanakul	2,143,747	0.06
13	Mr. Wiboon Suriyawanakul	2,123,925	0.05
14	Mr. Yutthana Suriyawanakul	1,554,215	0.04
15	Mr. Pongsak Suriyawanakul	824,154	0.02
16	Mr. Pongkorn Suriyawanakul	294,959	0.01
17	Mr. Adisak Suriyawanakul	135,757	0.00
18	Mrs. Nipapun Suriyawanakul	75,016	0.00
19	Mr. Jakapong Suriyawanakul	70,445	0.00
20	Mr. Pichit Suriyawanakul	28,162	0.00
21	Mrs. Pawika Suriyawanakul	16,666	0.00
22	Mr. Jarupol Suriyawanakul	15,361	0.00
23	Mr. Wittaya Suriyawanakul	4,835	0.00
Total		1,509,104,297	37.70

Other Securities Issued

The Company issuance and offer of debenture amount 3,000 million Baht following the approval of the 1/2013 Extraordinary General Meeting of Shareholders held on 20 September 2013 at amount not exceeding 5,000 million Baht. And the approval of the Annual General Meeting of Shareholders held on 22 April 2015 to issuance and offering of the additional 3,000 million Baht ceiling of debenture, totaling 8,000 million Baht. Key details are as follow.

Name	: The Debenture of Siam Global House Pcl.1/2014
Type	: Unsubordinated and unsecured debentures
Offer Amount	: 3,000,000 Unit
Total	: 3,000 Million Baht
PAR Value	: 1,000 Baht
Offer Price	: 1,000 Baht
Issuance Date	: 27 February 2014
Tenor	: 3 Years
Maturity Date	: 27 February 2017
Coupon rate	: 3.85 %
Coupon Payment	: Semi-annually
Repayment of Debentures	: Repayment of principal due on maturity date.

The Company was repayment of debentures No.1/2014 on 27 February 2017 and the new debenture been offered on 20 June 2018, in the amount of 500 Million Baht by the following details;

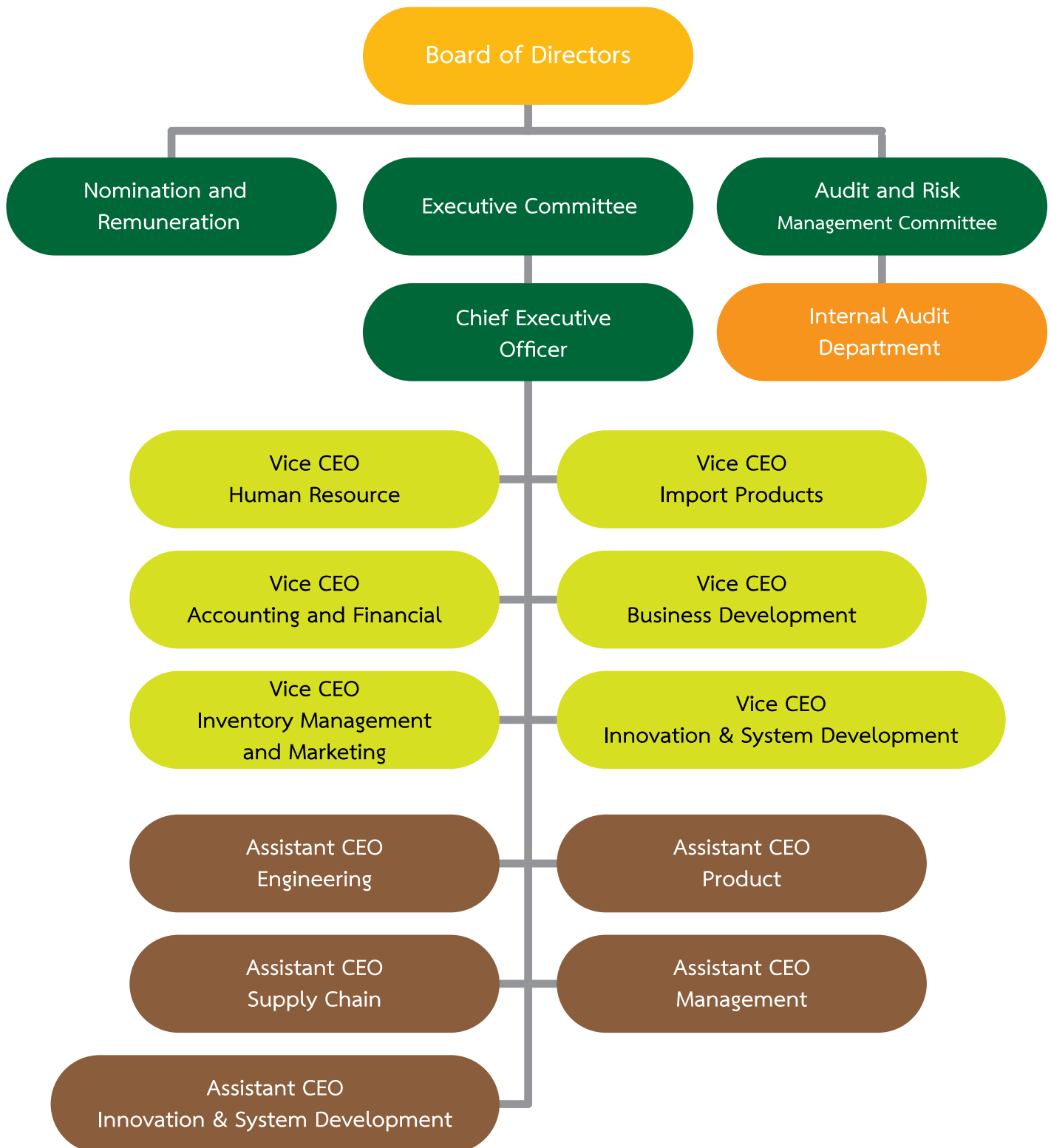
Name	: The Debenture of Siam Global House Pcl.1/2018
Type	: Unsubordinated and unsecured debentures
Offer Amount	: 500,000 Unit
Total	: 500 Million Baht
PAR Value	: 1,000 Baht
Offer Price	: 1,000 Baht
Issuance Date	: 20 June 2018
Tenor	: 3 Years
Maturity Date	: 12 July 2021
Coupon rate	: 2.44 %
Coupon Payment	: 3 Monthly
Repayment of Debentures	: Repayment of principal due on maturity date.

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Organization Chart



6. Organization Chart



07

Management



7. Management

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

7.1 Board of Directors

As at 31 December 2018, the Board of Directors has totaling 10 persons, consisting of 4 Directors who is management, and 6 Non-Executive Directors.

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

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

Name		Position
1. Mr. Apisit	Rujikeatkamjorn	Chairman / Independent Director
2. Mr. Witoon	Suriyawanakul	Director / Executive Director/ Nomination & Remuneration Committee
3. Mr. Anavat	Suriyawanakul	Director / Executive Director
4. Mrs. Warunee	Suriyawanakul	Director / Executive Director
5. Assoc. Prof. Phornsiri	Thivavarnvongs	Director / Independent Director Chairman of Audit & Risk Management Committee
6. Mr. Pornsak	Sakpunpanom	Director / Independent Director Audit & Risk Management Committee / Chairman of Nomination & Remuneration Committee
7. Dr. Vongsak	Swasdipanich	Director / Independent Director Audit & Risk Management Committee / Nomination & Remuneration Committee
8. Mr. Nithi	Phatrachok	Director / Executive Director
9. Mr. Wiroat	Rattanachaisit	Director
10. Mr. Paramate	Nisagornsen	Director

Authorized Signatory Directors of the Company

1. Mr. Witoon Suriyawanakul signing and affixed thereto with the Company's official seal or
2. Mr. Anawat Suriyawanakul, Mrs. Warunee Suriyawanakul, and Mr. Nithi Phatrachok signing jointly two persons out of three and affixed thereto with the Company's official seal.

Board of Directors Meeting

The Board of Directors must attend the meetings regularly to acknowledge and decision in the business operation of the Company which specified meeting date in advance total 6 times per year by inform the meeting date of 2019 to the committee in November 2018. And the Company secretary send the invitation letter with agendas and informations to the directors in advance 7 days before the meeting, unless in the case of necessity or urgent meeting.

Statistics of the meetings for year 2018

Name		Attend / Total Meeting (times)			
		Board of Directors	Audit Committee	Nomination & Remuneration Committee	Executive Committee
1. Mr. Apisit	Rujikeatkamjorn	4 / 4			
2. Mr. Witoon	Suriyawanakul	4 / 4		1 / 1	10 / 10
3. Mr. Anawat	Suriyawanakul	4 / 4			10 / 10
4. Mrs. Warunee	Suriyawanakul	4 / 4			10 / 10
5. Assco.Prof Phonsiri	Thivavarnvongs	4 / 4	5 / 5		
6. Mr. Pornsak	Sakpunpanom	4 / 4	5 / 5	1 / 1	
7. Dr. Vongsak	Swasdipanich	4 / 4	5 / 5	1 / 1	
8. Mr. Kajohndech	Saengsubhan*	4 / 4			
9. Mr. Nithi	Patarachoke	4 / 4			10 / 10
10. Mr. Aree	Chavalitcheewingul*	4 / 4			
11. Mr. Wiroat	Rattanachaisit*	-			
12. Mr. Paramate	Nisagornsen*	-			

Note : 1. Mr. Kajohndech Saengsubhan and Mr. Aree Chavalitcheewingul resigned from the director on 9 November 2018.

2. Mr. Wiroat Rattanachaisit and Mr. Paramate Nisagornsen held on the position on 9 November 2018.

7.2 Executive Officers

	Name	Position
1. Mr. Witoon	Suriyawanakul	Chief Executive Officer
2. Mr. Anavat	Suriyawanakul	Vice CEO - Inventory Management and Marketing
3. Mrs. Warunee	Suriyawanakul	Vice CEO - Human Resource
4. Mr. Yuttana	Suriyawanakul	Vice CEO - Import Products
5. Ms. Chutikan	Sriseangchan	Vice CEO - Accounting and Financial
6. Mr. Piphop	Vasanaarchasakal	Vice CEO - Business Development
7. Mr. Isara	Rujikeatkamjorn	Vice CEO
8. Mr. Khemchat	Sungkakam	Vice CEO - Innovation & System Development
9. Mr. Pongkorn	Suriyawanakul	Assistant CEO Engineering
10. Ms. Apanchanit	Petchvong	Assistant CEO Marketing Management
11. Mr. Kriangkai	Suriyawanakul	Assistant CEO Supply Chain
12. Mr. Thapanat	Asawachchulamanee	Assistant CEO Innovation & System Development

Authority of Chief Executive Officer

The Managing Director has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manages the Company according to the framework and corporate governing policy, and maintain the best interest of the Company and shareholders. Roles and responsibilities are detailed as follows:

1. Manage, monitor, and control normal operations of the company
2. Manage the company as assigned by the Board of Directors
3. Manage and oversee the overall operation of the company according to the policy stipulated by the Board of Directors
4. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the plans and budget stipulated by the Board of Directors.
Detail of authorities is in accordance to the structure of Authorization.
5. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts.
Detail of authorities is in accordance to the structure of Authorization.
6. Consider, plan, and prioritize business strategies and fundraising for the company to propose for approval to the Board of Directors.
7. Have the authority to employ, dismiss, and lay off any employee at any level.

8. Have the authority to open and close any of company's saving account at any institutions to facilitate the operation of the company.
9. Propose for approval any appropriate consultants necessary for the company to the Board of Directors.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary. Any other roles other than stated above are out of Authorization, except for being entrusted at the Board of Directors' meeting in a case-by-case manner.

7.3 Secretary of the Board of Directors

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

Authority of Secretary of the Board of Directors:

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

Ms. Siriwan Na - Nan

Age 46 year

Position Company Secretary

Education

- Master of Economics (Business Economics), Ramkhamhaeng University
- Bachelor of Business Administration (Accounting), Chiang Mai University

Training

- Anti-Corruption : The Practical Guide (ACPG) 46 / 2018 (IOD)
- Developing Leadership for Finance and Accounting Professionals
- Smart Disclosure Program (SDP) 2015 - 2018

Working experience

- July 2010 – Present Internal Audit Manager Siam Global House Public Co., Ltd.
- 1995 – June 2010 Internal Audit Officerser TMB. Bank

7.4 Remuneration for Directors and the Executive Officers

Remuneration of Board of Directors and Chief of Executives Office Policy

The company specifies the remuneration of directors clearly, transparently, and appropriately to the company performance by comparing to that of other companies in the same industrial area. The consideration bases on the performance and responsibilities of the director. Nomination and Remuneration Committee is in charge of setting the remuneration and proposing to the Board of Directors for the approval before proposing to the Shareholders' meeting.

Cash Remuneration

The resolution of the Annual General Meeting of Shareholders 2018 on 30 April, 2018 approved on the remuneration for the directors with amount of not exceeding Baht 15,000,000. The directors' remuneration consists of the monthly remuneration only directors who is not employees of the Company, remuneration per meeting attendance and bonus at the rate not exceed of 0.50 % of dividend paid to shareholders. Details of remuneration payment for the Board of Directors and sub-committee for the year 2018 are as follows.

Monthly Remuneration

- | | |
|-----------------------------------|--------------------------------|
| • Chairman | 70,000 Baht / Person / Monthly |
| • Independent Director / Director | 35,000 Baht / Person / Monthly |

Remuneration of the BOD 's Meeting

- | | |
|-------------|-----------------------------|
| • Chairman | 40,000 Baht / Person / Time |
| • Directors | 35,000 Baht / Person / Time |

Remuneration of the Sub Committee's Meeting

- | | |
|-------------|-----------------------------|
| • Chairman | 30,000 Baht / Person / Time |
| • Directors | 25,000 Baht / Person / Time |

Detail of Remuneration Directors 2018

(Unit : Baht)

Directors		Position	Meeting Allowances	Monthly Remuneration	Bonus	Total
Mr. Apisit	Rujikeatkamjorn	Chairman	160,000.00	840,000.00	985,761.00	1,985,761.00
Mr. Witoon	Suriyawanakul	Director / Nomination & Remuneration Committee	165,000.00	-	3,101,997.28	3,266,997.28
Mr. Anavat	Suriyawanakul	Director / Executive Director	140,000.00	-	1,600,800.00	1,740,800.00
Mrs. Warunee	Suriyawanakul	Director / Executive Director	140,000.00	-	1,282,800.00	1,422,800.00
Assoc.Prof. Phornsiri	Thivavanvongs	Director / Chairman of Audit Committee	290,000.00	420,000.00	492,880.50	1,202,880.50
Mr. Pornsak	Sakpunpanom	Director / Audit Committee / Chairman of Nomination & Remuneration Committee	295,000.00	420,000.00	492,880.50	1,207,880.50
Dr. Vongsak	Swasdipanich	Director / Audit Committee / Nomination & Remuneration Committee	290,000.00	420,000.00	492,880.50	1,202,880.50
Mr. Kajondech	Saengsuphan*	Director	140,000.00	359,333.33	492,880.50	992,213.83
Mr. Nithi	Phatrachoke	Director / Executive Director	140,000.00	420,000.00	492,880.50	1,052,880.50
Mr. Aree	Chavaltichevinkul*	Director	140,000.00	359,333.33	492,880.50	992,213.83
Mr. Wiroat	Rattanachaisit*	Director	-	60,666.67	-	60,666.67
Mr. Paramate	Nisagornsen*	Director	-	60,666.67	-	60,666.67

Note : The Directors' bonus paid from the operating result of 2018 and Mr. Kajondech Saengsuphan, Mr. Aree Chavaltichevinkul resigned from the director position on 9 November 2018 and Mr. Wiroat Rattanachaisit, Mr. Paramate Nisagornsen replaced on this position.

Executive Remuneration.

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

Remuneration of Executives Officers	2016		2017		2018	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	5	19,292,666.66	5	26,801,550.00	5	32,230,800.00
Bonus	5	4,261,000.00	4	4,261,200.00	5	5,182,800.00
Provident Fund	5	567,108.00	5	797,561.00	5	949,829.00
Social Security	5	38,250.00	5	42,000.00	5	45,000.00
Others	5	3,192,983.34	5	3,542,150.00	5	3,718,400.00
Total		27,352,208.00		35,444,461.00		42,126,829.00

Remuneration for Non-Monetary Term

In 2011, IAS 19 : Employee Benefits announce that company have to keep Additional Expense in reserve for the employees who will be retired and / or quit (These payments are the policy by Department of Labor Protection and Welfare). The Additional Expense in the year 2018 the company reserve amount 2,081,484.57 Baht.

Human Resource

The Amount of Staffs during year 2016 - 2018

Employees	31 December 2016	31 December 2017	31 December 2018
Company Employees			
• Head Office	538	621	420
• Branch	6,208	7,150	8,110
Subsidiary Employees	0	0	200
Total	6,746	7,771	8,730

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

Change in Number of Employee with Significance

By the end of 2016, the number of employees of the Company has increased from the previous year. This is due to the expanding branch from 46 stores at the end of year 2016 to 55 stores at the end of year 2017 and to 61 stores at the end of year 2018. The amount of staffs at the end of year 2016, 2017, 2018 were 6,746 persons, 7,771 persons and 8,530 persons respectively. For the past 3 years, the Company has no significant labor disputes.

Staffs Remuneration.

(Unit : Thousand Baht)

Staffs Remuneration	2016		2017		2018	
	Staffs (person)	Amount	Staffs (person)	Amount	Staffs (person)	Amount
Salary	6,998	818,339	8,122	1,029,108	12,709	1,168,789.48
Bonus	-	92,751	-	92,759	5,083	114,937.20
Provident Fund	5,252	19,958	6,199	25,577	7,070	29,944.24
Social Security	6,976	38,143	8,122	46,711	12,709	52,745.04
Total		969,191		1,194,155		1,366,415.96

Note : The Bonus of year, 2018 was booked in Accrued Expenses account which not allocate, so the company could not count the actual number of staffs who got paid from company. The number of employees in 2018 which include employees who resigned

Human Resource Management Policy

Siam Global House Public Company Limited give priority to “The value of human resources” according to the company policy and practices in the business for long time. In addition to the developing the ability of work and increase their ability to operate business. The company has also focused and pay attention to create environment of workplace for the employees’ healthy, that lead to the creation of good performance by 5 parts as follow;

1. The structure of employees.

The company give priority to the public and people who disadvantaged around the store location. Then the company promote the employment in the area , through the process of recruitment by board. Including of the student’s supporting in order to training for workforce.

2. The rights and equality of employees

The company adheres to the principle of respect equality and the ability of employees to the company's code of conduct by instilling employees since starting of work. Comprehensive of human rights. The company focus on quality of employees' life by providing the training and opportunity in the company's activities. It also supports the employees to develop their skill continuously.

3. The compensation and benefits management.

The company manage compensation and benefits under the merit system and focus on the ability of each employee. Including career path with the self - improvement. The welfare, the company base on appropriate and benefit of most employees which accordance with situation and capabilities of company.

4. The management of occupational health and safety.

The company adhering to the policy of health and safety at work of employees and targeted "Accidents to zero". The regulatory measures cover safety established business partner , third party and surrounding community.

5. The employees development.

The company continue to improve and develop curriculum and employees development in accordance with the environment and business practices. In order to provide employees with knowledge and ability to effective performance. The company has set guidelines for employee development to enhance performance such as follows;

- E-learning system for self – learning continuously.
- Skill Base system for employees in each function of work.
- The development by on the job training and mentor.
- The trainee management project by learning the function and actual work.
- The executive program development by selecting the potential employees to training in the learning center at head office.

08

Corporate Governance



8. Corporate Governance

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

8.1 Corporate Governance Policy

The company gives priority to the good governance, transparent management system, and the accountability to promote trust among shareholders, investors, and all relevant people. The company implements Code of Best Practices principles as the guidelines for business operation which involving the following five articles.

1. Rights of Shareholders

The Board of Directors of the Company gives the importance to the right of shareholders by not performing any act that violates or lessens the rights, and to facilitate the exercise of rights on various matters.

Shareholders will be protected under the basic rights as follows:

- (1) The Company invites shareholders to propose meeting agenda in advance to be submit the AGM 2018 from November 8, 2017 to January 15, 2018.
- (2) Shareholders will be provided with information relating the annual Shareholders Meeting such as date, time, place, and the agenda in advance prior to the Meeting. Meeting calling notices including related. information and meeting's agenda will be sent to Shareholders at least 21 days prior to the Meeting according to the company's rules or 14 days prior depending on the agenda and / or as stipulated by the laws.
- (3) The Company has a policy to accommodate the shareholders and institutional shareholders to attend the meeting. Therefore, the Company has chosen meeting venue location with access by convenient transportation for shareholders attending the meeting
- (4) The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
- (5) The company facilitates Shareholders in attendance of the Meeting and in using the right to vote. The company will ensure every Shareholder has equal opportunity to attend the Meeting.

- (6) In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
- (7) In case of the shareholders cannot attend the meeting that they can appoint Independent Directors to be their proxy .The annual general meeting of shareholders for the year 2018, the Company has provided Assoc.Prof Phornsiri Thivavarnvongs , Mr.Pornsak Sakpunpanom and Dr. Vongsak Swasdipanich.
- (8) After the general meeting of Shareholders, the company will consistently keep the Shareholders informed on the information related to the Company through the Company's Website or the Stock Exchange of Thailand's website within 14 days.
- (9) The Company informed the performance to shareholders through the Company website or the Stock Exchange of Thailand.
- (10) The company has the policy to promote the institutional investors to attend the shareholders' meeting. The company shall coordinate to facilitate the registration one day prior to the meeting.
- (11) In voting, the company uses the ballot by implementing barcode system for counting for the convenience, time-saving, and efficiency. There is the representative as the witness to the counting and it shall be clearly disclosed in the shareholder's report, including the vote count for agreed, disagreed, and no vote.
- (12) The Annual General Meeting of Shareholders 2018 on 30 April 2018, the Company encourages the shareholders to attend the meeting by holding the meeting at the Chaophya Park Hotel which convenient to travel. Because, it is located on Ratchadaphisek MRT station.

2. Equitable Treatment of Shareholders

The Company has policy to treat shareholders equally by assigning independent directors to be responsible for minority shareholders. The minority shareholders be able to suggest or express opinions to independent directors. The independent directors will consider the appropriate of each issue such as the complaint, the independent directors investigated and find appropriate resolution. Therefore, the shareholders able to propose any questions to be include in the agendas and nominating persons to be elected as directors via website of the Company <http://www.globalhouse.co.th>

In 2018, the shareholders not to propose agenda or nominating persons to be elected as directors in advanced before the Annual General Meeting of Shareholders 2018

2.1 Prevention misuse of Inside information

The Board of Director has determined measures to prevent misuse of inside information by related person including directors, executives, staff and employee of the Company (include spouse and minor child) used inside information before disclosure in order to buy ,sell, transfer or receive stocks of the Company for 30 days before disclosure financial statements to SEC or public. The Company imposed penalty on information disclosure or using information for personal benefit in according with the policy to prevent of misuse inside information. And providing knowledge to the Board of Director and executives responsible to report securities holding to SEC under Section 59, Securities and Exchange Act B.E.2535 (1992), information from SEC and SET. In 2018, Directors and executives unused of Inside information to buy/sell securities and no violation of the securities trading rules.

2.2 Related Transactions

In case of related transactions must be considered and approved by the Board of Directors. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person. In the case of normal deal, administrative section can process normally under the Meeting's resolution. Moreover, the company will prepare the summary report for the higher than 10 million Bath deal for every quarter and also report to the meeting for not-over 10 million Bath deal every quarter.

In the case of related transaction which may cause conflict, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET, the person who has conflict of interest in the connected transaction will not have the right to vote.

2.3 Of conflict of interest

Board of Directors sets the policy for conflict of interest bases on the principle that any decision-making on business operation shall be taken for the highest benefits of the company and avoid the action leading to conflict of interest.

- Person related to or connected to the considering issue shall inform the company about the relationship or the connection to the issue, and shall not take part in the consideration, or has any authority to approve the transaction.
- Audit Committee shall propose the connected transactions and the transaction with the conflict of interest which is considered carefully to the Board of Director.

- The company shall follow the criteria of SET strictly about pricing and conditions to the person that potentially have conflict of interest as same as to the outsider, and send the report at the time required by SET.
- Executives, employees, families, and the residents in the same residency shall not run the business or any activity that mislead the public to understand that it is the business or activity that has conflict of interest with the company directly and indirectly.
- Executives and employees shall not cooperate with the family member or the intimate person to operate business or activity that may lead to the conflict of interest directly or indirectly. To avoid the potential inappropriateness, the relationship of family member or other people that may lead to conflict of interest should be disclosed to the supervisor in written.

3. Roles of Stakeholders

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

1) Shareholders

The company focus on being a good representation to satisfy the shareholders by considerate about the growth of company value over the long term with the good control system and internal audit with clean disclosure information.

2) Employee

The company are supporting the development of the potential of human resource for maximum benefit because the company has considerate that the employee is one of the primary resources that are critical in the development of the organization to grow therefore, the company are treat the employee all equally and fairly without discrimination by give the rewards and welfare proper. Including, the opportunity for employees to complaints in the case of not being fair.

2.1 Recruiting and Employment

Employment of Older Workers

The Company support employment of older workers and provide appropriate work according to potential of older workers. Presently, the Company has older workers 36 persons in 24 stores.

Employment of Disabilities persons

The Company support employment of disabilities persons and provide appropriate work according to potential of older workers. In addition, provided the area for disability persons to sell government lottery, without charge in order to support and encourage **disabilities persons** to has career for take care themselves. In 2018, the Company employ disabilities persons as follow;

Information of Disabilities persons

Transaction	31 Dec 2018
Disabled Employees	81
To provide the area to sell lottery without cost	13
Total	94
Total Employees	8,530

2.2 Employees Development and Training

The Company focus on personnel development to improve potential and efficiency for working at every levels to support business growth. In 2018, the Company has trained the employee 7,443 persons total 78,654 hours and training cost amount 2,096,716.18 Baht. The details as follow;

Course	Employees (Persons)	Total Training Hour	Average Hour / Person
Improving Skill of Directors and Deputy Directors	74	15,540	210
Team Working	523	3,587	6.86
Macgyver Intelligent Fixer	117	3,732	31.90
Leadership Development, Personality and Service	1,150	8,104	7.05
Good Selling	2,955	21,751	7.36
Sales Technical, Service Professional and Proactive Marketing	1,232	10,195	8.28
Products Knowledge	417	3,410	8.18
Working Safety and Equipments	117	2,616	22.36
Increase Efficiency and Various Skill of Work	858	9,719	11.33

2.3 Caring for Employees

The Company realized the value of employees, which is the key factor for business operation, praise, reward and be a morale for dedication of employees to the Company for long time.

Remuneration and Employee Benefit Policy

- **Remuneration of Employee :** The Company has performance evaluation criteria system and evaluate by quarterly total 4 times per year via HR Employee Program. In addition, the special salary adjustment during the year 1 time for the employees who had excellent performance to be a morale . The results of evaluation submit to Human Resource Department in order to adjustment of salary and promotion.
- **Employee Benefit :** The Company provides benefit and activities to employees such as accident insurance , uniform, scholarships for employees' children, employee welfare, sport day, travel program for domestic country and abroad for the employees who had meet target

Rewarding Performance for 10 years,15 years and 25 years : In 2018, the Company gave reward and certificate to the employees and the detail as follow;

Duration of Employment	Employees (Persons)	Reward
10 years	226	Golden Medal 25 St.
15 years	64	Golden Medal 50 St.
25 years	7	Golden Medal 2 Baht.

**The employee with the right to receive rewards must have status the Company's employees at the date of the reward only.



Retirement Employee Benefit : According to the regulation of the Company that the employees termination , compensation and special compensation. The Company provide benefit to employees who retirement aged 60 years by paying compensation according to the law and renewal of employment contract. In 2018, the Company paid benefit to retirement employees aged 60 years total 8 persons from 8 stores.

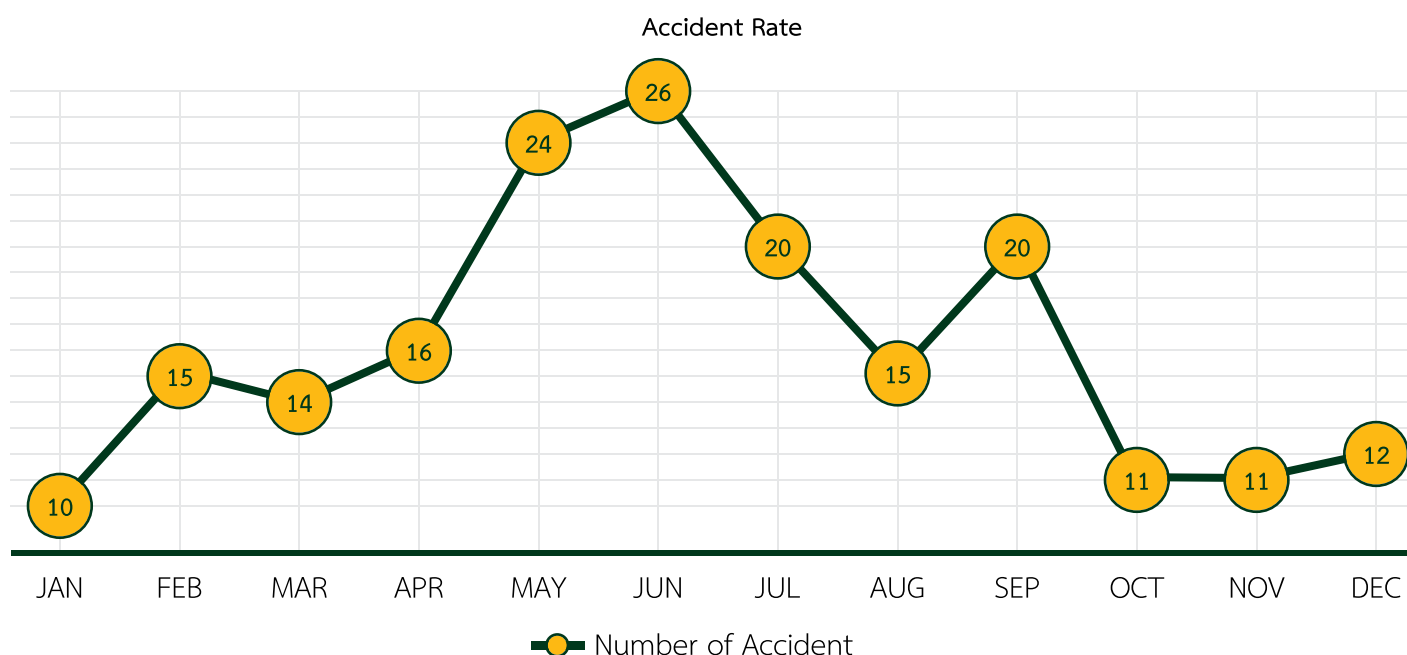
2.4 Safety and Occupational Health

Safety Policy

The Company realized to the employees' health and safety by keeping of the working environment to be hygienic and safety. Including, risk assessment, prevention of accident, health effect from operation, instill conscience the safety for employees and operate follow the relevant guidelines.

- 1) Comply with the laws, regulations and guidelines for health and safety that notices at present and in the future.
- 2) Risk assessment of activities related to business operation such as conflagration, inventory storage, machine using, forklift, equipment, chemical and electrical system etc.
- 3) Determine appropriate preventive measures and providing safety protection equipment in adequate and ready to use.
- 4) Improving knowledge and cultivate for health and safety to employees by activities such as training, safety activity, media via various channel

In 2018, the Company participated the training with Healt and Occupational Medicine Promotion Center to provide training on safety and hygiene in work. Including, the Company assigned all stores to practice fire prevention according to the target "Zero Accident" for employees' safety. In 2018, the Company has accident rating as follow ;



3) Partners

The Company treat the partners with honest trading framework which based on the principles of contract and condition of trade. For a good business relationship and beneficial to all parties.

4) Competitor

Treat the competition have a code of ethics with great competitiveness by avoiding competition with dishonest way to destroy rivals.

5) Customers

The company are concentrate to give a great service and satisfy for customers. Supply of goods and services quality. Trade with customers with honesty and fairness.

5.1 Customers Responsibility

Pre-Sales Service

- The Company committed to fair marketing that employees must provide the fact information of products and service and not conceal important information that lead to misunderstanding. Which affect the customers' decision to buy products.
- The employees must inform products instruction , risk from products using and hazard prevention to the customers.

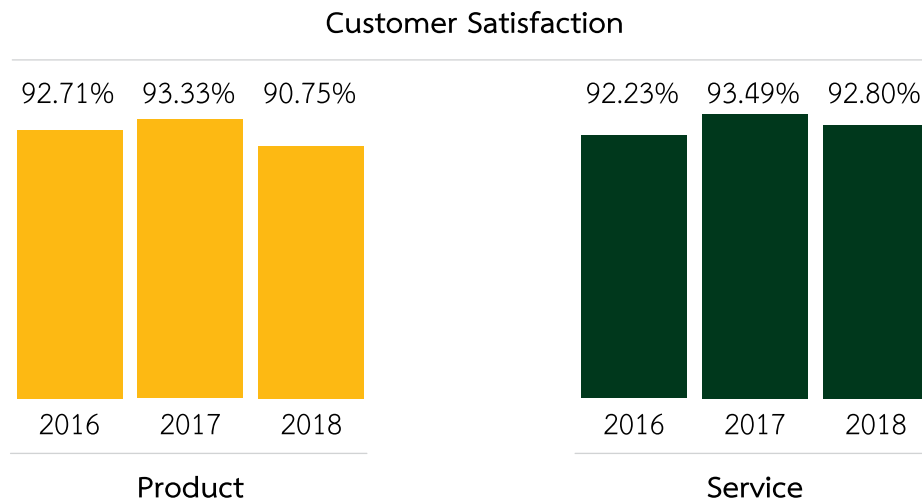
After-Sales Service

- Delivery and Installation Service : Electrical appliances , electric system, floor tile, doors-windows , laminate, tank, water pump and paint according to the Company's conditions including after warranty installation.
- Products Repair Service: For the House Brand products ,the Company responded to repair by specified conditions. For the national brand products, the Company coordinated with the products owners and tracking the repaired until completed.
- The Company has policy of products returned within 30 days afters purchased date.

5.2 Cutomers Satisfaction

The Company has process to survey customers satisfaction and customers feedback to develop products and service. As well as improving business operation continuously.

Customer Satisfaction Level



6) Community Society and Environment

6.1 Community and Society

The Company committed to create good and sustainable things for society almost 20 years, by considered that the Company was a part of social. The Company set the business policy that relized to importance of education, employment, health care and social investment for participate social development as follows;

- 1) Encouragement Employment : the Company determined the policy of employment workers in the area in order to encourage people in the area to have income and better quality of life which affect to society and country.
- 2) Encouragement employee to training : the Company participated annually with Institute for Skill Development in each area for skill and abilities development of employees to be potential employees.
- 3) Paying Value Added Tax of each stores to Revenue Department Aera in order to used for local development.
- 4) Supporting Education of Community : the Company participated suppliers to give scholarships to schools in the community, while opened new stores in stead of receiving gifts.
- 5) Anti-Drug Campaign : the Company determined the policy to inspect the addictive substance annually and training the employees to acknowledge of the danger of drug to support the drug-free community.

6.2 Environmental

The Company determined business operation policy together with conservation of environment by adhering to sustainable resource use, along with climate change mitigation and adaptation. Therefore, the Company designed the building structure with high roofs and air ventilation around the buildings. Including, the implementing the warehouse management system (Automated Storage & Retrieval System) to reduce energy consumption.

In addition to promote energy conservation, nature and environment. The Company has change the equipments in service area and office area as follows;

- 1) Installing of Evaporative Cooling System instead of air conditioner to add coolness for customers, which reduce of electricity energy about 80%. In addition, the water from Evaporative Cooling System able to reused and not destroy environment of the community.
- 2) Changing the light bulb in the stores to LED High Bay that reduced electricity energy about 75 %
- 3) Increasing roof lighting of the buildings to reduced electricity energy.
- 4) The office area ,the Company separate the work unit into a small office to reduce the using of big air conditioner.
- 5) Changing the paper for the Company's receipt from A4 to A5 . Including, reduced using paper and encourage the employees to work in paperless.
- 6) In 2016, the Company has installed Automated Storage & Retrieval System (ASRS) for the stores that operate in 2016 to manage the warehouse efficiently. The operation of ASRS system not use lighting while operate that able to reduce electricity energy.

7) Creditor

The Company has treated creditors fairly with the policy and guideline as follows;

- 7.1 Comply with contract agreements strictly
- 7.2 Using loan for the purpose of borrowing
- 7.3 Repayment of loans according to the time
- 7.4 Prepare contracts with creditors legally and transparently

Noninfringement of intellectual property or copyright

The company has the policy and guidelines for non-infringement of intellectual property by not supporting any actions considered intellectual property infringement, as stated in intellectual property law. If the company discovers any infringement, the quick appropriate process shall be implemented to cease or stop the access to the infringement.

Anti – Corruption

The company is committed to protecting and promoting the anti-corruption which is regarded as a crucial policy to strictly conduct business with integrity, honesty, transparency and accountability so as to create good values and corporate image. The company has expressed intention in the project of Collective Action Coalition against Corruption in the year 2015. And in the Board of directors meeting no.6/2016 held on 21 December 2016, resolved to approve the Anti-Corruption Policy. That prescribed the company's personnel must comply with the "Anti - Corruption Policy" and not be involved in all forms of corruption, whether direct or indirect. Including defined the definitions according to the Anti-Corruption Policy, duties and responsibilities, practice guidelines and penalties which were promulgated throughout the company, acknowledged and implemented by the directors ,executives and employees. The company put the policy and practice guidelines as follows:

The Company has set anti - corruption policy and the guidelines are as follows :

- 1) Directors, executives and employees at all levels of the Company must comply with Anti - Corruption policy and do not act or involved in the corruption. Whether directly or indirectly.
- 2) Prohibiting executives and employees demanding or receiving any benefits from trade partners or any other persons who do business with the Company.
- 3) The executives and employees of the Company avoid giving or receiving gift from person to contact for trade partner. Except to traditional or local trade.
- 4) The executives and employees avoid the reception party or accepting from trade partner. Those who do business or negotiating with the Company. Except there is reasonable cause and the regular entertainment in general.
- 5) The employees should not neglect or ignore, when found the corruption with the Company. Then need to notify supervisors or persons who responsible. Through various defined and to cooperate in the investigation.
- 6) The Company will ensure fairness and protect employees who refuse or inform the corruption. The protective measures for complainants as defined in the code of conduct regarding the complaints and suggestions.
- 7) Those who act corruption that violation of regulations on business ethics and best practices. Which be considered by disciplinary regulations may also punished by law. If the actions is illegal.
- 8) The Company recognizes the importance of disseminating knowledge and understanding of the other person to perform with the company or may impact on the company, that comply with the anti – corruption policy.

- 9) The Company is set to be evaluated, compliance policy of anti-corruption by the unit responsible for monitoring and report to Audit Committee. To ensure that the implementation of the policy get response from the person concerned.
- 10) The Company is committed to create and maintain a corporate culture that corruption is unacceptable all transactions with government and the private sector.

In order to implement concrete anti-corruption actions and demonstrate its commitment to tackle all forms of corruption, the company has proceed as follows :

- The company is publishing and communications the Anti-Corruption Policy to directors , executives and employees as well as stakeholders to acknowledge on the company's website (http://globalhouse.co.th/investor/inv_corpo)
- The Company set the training about knowledge of anti - corruption. The practical on orientation day of new employees every 1st and 16th of months.

Monitoring of the Practice, Notification and Reporting of Anti-Corruption

Directors, executives and employees are responsible for acknowledge and understanding that good corporate governance policy. And guidance in practice for promote effective implementation, administration and good governance. The Company has set communication channels to complaint from stakeholders that directly to the Board or Director (Whistle Blowing)

In case of reporting a complaint, please contact

E-mail	secretary@globalhouse.co.th
Website	http://www.globalhouse.co.th
Letter	Secretary Company Siam Global House Public Co.,Ltd. 232 Moo 19 T.Robmuang A.Muang Roi Et 45000
Tel.	043-519777, 043-519596
Fax	043-519649

4. Disclosure and Transparency

The Company realized the importance of disclosure with transparency including financial reports and general information complied with regulation of SEC and SET. As well as other information that affects to price of securities and decision making of investors and stakeholders. The Company will disclose information to shareholders or investors through SET and SEC including the Company's website, newspapers for the shareholders access to information equally. In 2018 company disclosed the following information :

- 4.1 Board of Directors requires the financial report to show the financial status and performance as required by law according to the generally accepted accounting standard by appointing the audit and risk management committee who is responsible for reviewing financial report to be accurate, complete, and reliable.
- 4.2 The company has the disclosure policy for financial report, general information affecting the security price, which has impact on the decision-making of the investors and stakeholders of the company, to be complete, accurate, and timely.
- 4.3 Prepare a report on the responsibility of the Board of Directors for financial reports
- 4.4 The Company disclosure additional information in the Annual Report and Form 56-1 as follows;
- Roles, duties and attendance of the board of Directors meeting and Sub – Committee
 - Remuneration of directors and executives
 - Disclosure directors' profile and training by individual
 - Disclosure audit fee and other service in Annual Report
- 4.5 The Company has disclose the Invitation Letter of the Annual General Meetingm2018 via the Company's website on 5 March 2018 that the meeting held on 30 April 2018
- 4.6 Disclosure the Code of Conduct on the Company's website for the Directors, executives and employees to adhere the guidelines.

Information Dissemination Channels

The Company relized to disclosure of financial and operating results information, that was accurated, completed, transparent. The Company provide the information dissenmination channels as follows ;

- Organized the investor relation unit to be communication channel for domestic investors and foreign investors.
- Arrange activities to meet investors both domestic and abroad.
- Published informations in various such as press releases, news, advertising media and social media.
- Prepare publications to disseminate various information of the Company such as annual report.
- Disseminate information to the employees via various electronic media such as intranet, email and social media.
- Disclosure information via the Company's website <https://www.globalhouse.co.th/>

Investor Relation Unit

The Company has assigned the Investor Relations unit to be responsible for providing information and investors' opinion by contact Mr.Yutthana Suriyawanakul, Tel : 043-519777, 043-519596 Fax : 043-519649 or the Company's website https://globalhouse.co.th/Contactinvs/contract_inv or E-mail : IR@globalhouse.co.th In 2018, the Company has Conference with analyst total 10 time

5. Responsibility of Board of Directors

- The Board of Directors determined a corporate good governance policy in order to be guideline. As well as defined the roles, duties and responsibilities of the Board of Directors.
- The Board of Directors determined a Code of Conduct and published on website by being as an honest policy for directors, executives and employees that must comply with the requirements.
- The Board of Directors has clearly defined the vision and mission of the Company. For all employees upheld as guidelines for accomplish their work as targeted. The Board of Directors will consider these vision and mission on an annual basis. In 2018, The Board of Directors reviewed vision and mission shall remain unchanged.
- The Board of Directors has approved the strategic plans and reviewed on an annual basis to be in line with the current economic. The management is the operator and report the performance to the Board of Directors on a quarterly basis.

5.1 Board of Directors structure

Board of Directors involves the persons who has knowledge and experiences that facilitate benefits for the company. They play important roles in giving agreement on policy setting and business plan. Further, they give importance to the internal control and internal audit system for the benefits of company and shareholders.

Currently, Board of Directors consists of 10 people, involving three executive directors, three non-executive directors, and four non-executive directors who are independent directors, which is more than one-third of all directors, whose roles are to balance the voting for any consideration and to verify the performance of management to ensure the highest benefits of the company. Besides, the company appoints the sub-committee consisting of Audit Committee, Nomination and Remuneration Committee, and Executive Committee, and sets the scope of roles and responsibilities of each committee clearly.

5.2 Roles and responsibilities of Board of Directors

- 1) Board of Directors is responsible for setting vision, objectives, strategies, and goals of business operation, including considering and reviewing operational strategies and goals every year.
- 2) Board of Directors shall perform duties with responsibilities, care, and honesty (duty of care and duty of loyalty), and supervise the operation to comply with laws, regulations, and resolution of the shareholders' meeting for the highest benefits and fairness of the stakeholders.
- 3) Board of Directors shall consider and determine business plan and annual budget to correspond with the company objectives and goals by considering the resources allocation and appropriate operation, including environmental analysis, factors and risk that may affect the stakeholders.
- 4) Board of Directors shall ensure that the strategies are implemented and monitor the performance by having the report constantly, and developing and improving business operations with health and safety concern, social and environmental responsibility.
- 5) Board of Directors shall issue Board of Directors Charter, Corporate Governance and Ethics policy as the guidelines for the directors, executives, and employees in coupled with company rules and regulations for the fairness of the stakeholders.
- 6) Board of Directors shall supervise and promote the useful innovations for the company, customers, partners, society, and environment.
- 7) Board of Directors shall ensure that the company has the reliable accounting system, financial report, accounting audit, risk management and internal control, and internal audit, and monitor, evaluate, and review risk management and internal control system regularly for the efficiency and effectiveness.
- 8) Board of Directors shall supervise the implementation of information technology management and technologies to strengthen competitiveness under the social and environmental responsibility.
- 9) Board of Directors takes care of anti-corruption practice, promotes all employees to comply with relevant policies, laws, and regulations, and monitors the compliance with anti-corruption constantly.
- 10) Board of Directors considers development plan and carry on the top management positions, and supervises the evaluation of top management performance every year.
- 11) Board of Directors shall review and evaluate the performance of the board and individual director once a year.

- 12) Board of Directors arranges continuing knowledge and work potential development by participating in the courses related to director performance, or the seminar to enhance and pursue knowledge.
- 13) Board of Directors shall attend all meetings. In the force majeure circumstance and unable to attend, inform the Chairman or the Secretary prior to the meeting.

The following instances requires to pass resolution in the Board's Meeting and the Shareholders meeting with votes exceeding three - in - four (3 / 4) of all shareholders with rights to votes who attend the meeting.

- Selling or transferring all or significant amount of shares
- Buying or receiving shares from other companies in the name of the Company
- Signing, changing, or canceling of lease of company in significant amount.
- Altering or changing of memorandum or regulations
- Fundraising, Fund reducing, issuing corporate bond, merging or closing.

5.3 Roles and responsibilities of Chairman of Board of Directors

- 1) Supervise and monitor the performance of directors and subcommittee to be efficient in order to achieve the objectives of the company.
- 2) Supervise to ensure the participation of directors in promoting ethical organization culture and Good Corporate Governance.
- 3) Set the agenda of Board of Directors meeting and ensure that the directors receive accurate and complete information before the meeting for the appropriate decision-making.
- 4) Lead the Board of Directors, act as the Chairman of the Board of Directors meeting, and allocate time sufficiently by controlling and running the Board of Directors meeting, allow all directors to discuss and exchange opinions freely, use discretion in decision-making carefully and efficiently.
- 5) Be the leader of the shareholders' meeting to follow the agenda, company regulations, and laws, give a chance for expressing opinion equally, and control the questions and answers of the shareholders appropriately and transparently.
- 6) Strengthen the positive relationship between the executive directors and non-executive directors.

5.4 Roles and responsibilities distribution between directors and management

The company distributes the roles and responsibilities between the Board of Directors and management clearly. Board of Directors is responsible for policy making and supervising the operation of management. Meanwhile, the management administrates the operation followed the policies. Therefore, Chairman of Board of Director shall not be the same person.

5.5 Determination of number of registered company the director taking position of director

Board of Directors identifies the number of registered company the director can take the position of director to ensure the sufficient and efficient dedication to the company. Therefore, Board of Directors identifies that the director is able to hold the position of director in the other five registered companies at the maximum.

5.6 The performance assessment of the Board of Directors, Sub-Committee and Executives

The performance Assessment of the Board of Directors : the Company assess annually of the Board of Directors, Sub-Committee and Executives by assessment in 2 form such as Board-Committee Assessment and Individual Assessment. The Company's secretary sent assessment form to all directors to assess the performance of the Board of Director and Sub-Committee. Then the secretary collected and summarize the performance assessment before submit to the chairman, which has criteria of performance assessment be in line with the Stock Exchange of Thailand as follows;

- structure and qualifications of the Board of directors
- roles, duties and responsibilities of the Board
- meetings
- performances of the duties of directors
- relationship with management
- self-development of directors and development of executives

The method of scoring as a percentage from the full score of each item is as follows;

Over 90 % = Excellent

81 - 89 % = Very Good

66 – 80 % = Good

50 – 65 % = Satisfactory

Under 50 % = Poor

In 2018, the performance assessment results of the Board of Directors and Sub - Committee.

	Board-Committee Assesment		Individual Assesment	
	Scored	Rating	Scored	Rating
Board of Directors	95.76%	Excellent	98.73%	Excellent
Sub - Committees	98.70%	Excellent	95.07%	Excellent

The Performance Assesment of Executives In 2018, the Nomination and Remuneration Committee will assess performance of executives by considered from business operation result, business operation according to the Board of Directors' policy, abilities to business development and improving the business's operation efficiency yearly with the overall of economic and social situation. Which have criteria according to the Stock Exchange of Thailand by separate 3 parts as follows;

- Progressive of Business Plans
- Performance Measurement
- CEO Development

The result of performance will be considered and determined the compensation of Chief Executive Officer and approved by the Board of Directors.

5.7 Training Program for the Board of Directors and Executive Officers

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

In 2018, 2 directors had attended the training programs and seminars as follow

Name	Training / Seminar	Date
Mr. Pornsak Sakpunpanom	Audit Committee Forum 2018 : Learn,unlearn and relearn – Audit Committee in the Age of Disruption (IOD)	12 November 2018
Dr. Vongsak Swasdipanich	Executive Program for City Management 3	20 April 2018

5.8 Appointment and term of Board of Directors

Appointment of Board of Directors

- Nomination and Remuneration Committee selects and nominates the qualified person to take the position of director or independent director of the company by considering from the experience, knowledge, capability that shall be useful for the company before proposing to the Board of Directors for consideration. Board of Directors shall propose the opinion in the Annual General Meeting of Shareholders for approval. The resolution shall be approved with the majority votes from the shareholders attending the meeting.
- The company gives the opportunity to the shareholders to nominate the list of qualified person to be considered for the director in advance before the Annual General Meeting of Shareholders.

Office term

- In the Annual General Meeting of Shareholders, one-third of the directors at the time being shall resign from the position. If the number of the director cannot be divided into three portions, the number closest to the one-third is applied. Those who are vacated may resume the position.
- Director shall vacate the position in case of death, resignation, lack of qualifications, or having incompatibility according to Securities and Exchange law, resolution from the shareholders' meeting, or the judicial order.
- The company determines the year of the office term of the director to comply with Public Limited Companies Act, B.E.2535. Currently, there are 10 directors who will be holding the position for three years.
- The independent director has the office term not exceeding nine years from the first term appointed as the independent director. Board of Directors may propose the independent director name to the Shareholders' meeting to consider resuming the position if the person is knowledgeable and experienced.

8.2 Sub- Committees

8.2.1 Board Structure

From the Second Meeting of the Board of Director (2/2012), the Board Director have made an adjustment to decrease the number of Sub-Committees from 5 committees to be 3 committees on 28 April 2011. This adjustment would be flexible to manage and useful for the company.

1. Executive Committee

Name		Position
1. Mr. Witoon	Suriyawanakul	Chairman of the Executive Committee
2. Mr. Anavat	Suriyawanakul	Executive Director
3. Mrs. Warunee	Suriyawanakul	Executive Director
4. Mr. Nithi	Phatrachoke	Executive Director
5. Mr. Yutthana	Suriyawanakul	Vice - CEO Import Products
6. Ms. Chutikan	Sriseangchan	Vice - CEO Accounting and Financial

Functions and Responsibilities of Executive Directors

- (1) Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.
- (2) Lay out strategies and directions for the company under the framework and boundary of goals and objective of the business and / or policy of business.
- (3) Propose appropriate investment and/or fundraising plans to the Board of Directors and / r the Shareholder's meetings.
- (4) Consider and approve business consultants necessary to business operations.
- (5) Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.
- (6) Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.
- (7) Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
- (8) Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

However, the Executive Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

Structure of Authorization is detailed as follows

Position	Movables		Real Estate		Purchase for Tools
	Per Purchase	Per Sale	Per Purchase	Per Sale	Operation per Month
Board of Executive Directors Committee	50,000,000	50,000,000	300,000,000	100,000,000	According to Normal Business Operation
Chief Executive Officer	10,000,000	10,000,000	10,000,000	10,000,000	According to Normal Business Operation
Vice Chief Executive Officer	500,000	500,000	500,000	500,000	According to Normal Business Operation

Note : As the quantity of procured goods for sell and for internal use vary with the demand of customers and the need for internal use, together with cost of goods, may results in an exceptional high quantity of order. As a consequence, it is not feasible to specify the exact financial amount. However, the principles and framework of practice of the company are followed.

2. Audit and Risk Management Committees

Name	Position
1. Assoc.Prof. Phornsiri Thivavarnvongs	Chairman of Audit & Risk Management Committee
2. Mr. Pornsak Sakpunpanom	Member of Audit & Risk Management Committee
3. Dr. Vongsak Swasdipnich	Member of Audit & Risk Management Committee

Note : Assoc. Prof. Phonsiri Thivavarnvongs, have well knowledge about accounting and financial management.

Roles of Audit and Risk Management Committee

Functions and Responsibilities of the Audit Committee

- 1) To review the accuracy and sufficiency of the financial reports of the company.
- 2) To review the company to ensure that the internal control and internal audit systems are suitable and effective, and to review the independence of internal audit section, including approving the appointment, transference, or termination of internal audit section s supervisors (heads) or those of other workgroups responsible for internal audit.
- 3) To review the company to ensure that their operations are in accordance with securities laws and SET legal requirements, rules and regulations, as well as other laws that may be related to the company s business.

- 4) To consider, propose, appoint and dismissal independent persons who shall be assigned as the company's auditors, to propose their remuneration, and to participate in a meeting with the auditors at least once a year without management team.
- 5) To review connected transactions and any other transaction that may cause potential conflicts of interest in accordance with SET laws and SET regulations in order to ensure that those items are reasonable and of utmost benefits to the company.
- 6) To publicize the audit committee report signed by the chairman of the audit committee in company annual report; the report should include the following details :
 - 6.1 Opinions on accuracy, completeness and credibility of the company's financial reports;
 - 6.2 Opinions on sufficiency of the company's internal control system;
 - 6.3 Opinions on the company's compliance with securities and SET laws and SET regulations, or business laws related to the company and its subsidiaries;
 - 6.4 Opinions on suitability of external auditors of the company;
 - 6.5 Opinions on transactions of possible conflicts of interest;
 - 6.6 The number of audit committee meetings, and attendance of each audit committee member;
 - 6.7 Opinions or observation by the audit committee during their auditing practice according to charter; and
 - 6.8 Other transactions that shareholders and public investors should be informed under the scope of work and responsibilities assigned by the company's board of directors.
- 7) To take care of any other action assigned by the board of directors with the consent of audit committee

Functions and Responsibilities of the Risk Management Committee

- 1) To determine and principles and framework for proper risk management to the Board of Directors.
- 2) To consider and analyze all risks and problems that may arise
- 3) To consider and approve risk management plans
- 4) To report to the Board of Director about the risks and plans in place that may affect the corporate objectives and operation
- 5) To monitor the risk in each function of operation
- 6) To monitor risk of false reports including internal and external reports and documentation
- 7) To monitor that the business operates and govern in compliance with governing laws and regulations.

However, the Risk Management Committee is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

3. Nomination and Remuneration Committee

Name	Position
1. Mr. Pornsak Sakpunpanom	Chairman of the Nomination and Remuneration Committees (Independent Directors)
2. Dr. Vongsak Swasdipanich	Member of the Nomination and Remuneration Committees (Independent Directors)
3. Mr. Witoon Suriyawanakul	Member of the Nomination and Remuneration Committees

Functions and Responsibilities of the Nomination and Remuneration Committees

Selection of Directors

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director, by considering persons who have knowledge, capability and experience as required by the Company. Criteria for selection of the Directors are as follows:

- 1) The Nomination and Remuneration Committee nominate and select appropriate persons and consider appropriate remuneration. The Board of Directors consists of at least 5 directors (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations. The Directors can be major shareholders.)
- 2) Propose the nomination to the shareholders meeting in compliance to regulations and corporate procedures as follows:
 - 2.1 Each shareholder has the vote equivalent to one vote per one share held.
 - 2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.
 - 2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any persons who have been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.
- 3) In the shareholder annual meeting, one third of directors must be retired. In case one third of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.

- 4) In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.
- 5) In the event that Directorial positions become vacant due to other reasons apart from the completion of term, the Nomination and Remuneration Committee nominate and select the new Director in accordance with the criteria of selection. The persons must have knowledge, capability and experience as required by the Company, and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. Upon approval, the Nomination and Remuneration Committee will propose to the Shareholders Meeting in order to be adopted for the appointing as the Directors of the Company. In case the remaining term of the director is less than 2 months, the new appointed director will have the same remaining term as director replaced. Resolutions of the Board of Directors as per above must be accompanied by a vote of not less than three in four of the remaining number of Directors.
- 6) Nominate names of directors to the Board and elect a Chairman in the meeting and select one or more Vice Chairman as appropriate. Vice Chairman received duties from the Chairman.

Determination of Remunerations

The remuneration for Directors, Committees, Sub-Committee, Managing Directors, and employees are proposed from consideration at the Board's meeting and/or Shareholders meeting. The roles and responsibilities are as follows:

- 1) Propose methods and/or principles of determining remuneration to the Shareholders meeting for resolution. Remunerations are considered according to the resolution unless any changes are made in at the Shareholders meeting. The Company also makes some allowance and welfare for Directors in accordance to Company's regulations.
- 2) Propose methods and/or principles of determining remuneration and welfare for Sub-Committee appointed by the Board taking into consideration of their roles and responsibilities.
- 3) Propose methods and/or principles of determining remuneration and welfare for the Chairman of Executive Directors and Executive Directors taking into consideration of their roles and responsibilities.
- 4) Propose methods and/or principles of determining remuneration and welfare for the employees taking into consideration of their roles and responsibilities.
- 5) Consider and finalize the budget for adjusted salaries and other monetary incentives

- 6) In the consideration of determining the remuneration and welfare, The Nomination and Remuneration Committee are delegated to call meetings and related documentations from related bodies within the organization for consideration.
- 7) Any expenses in determining the remuneration and welfare, including the consultancy fees and/or other administrative expense, will be the obligation of the Company.
- 8) Perform and tasks and assignments assigned by the Board of Directors.

However, the Nomination and Remuneration Committee is unable to approve transaction that himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

8.2.2 Financial Statement Auditing

The Audit Committee who has knowledge and experience in financial statement auditing, Assoc.Prof.Phornsiri Thivavarnvongs.

8.3 Independent Directors

Definition of Independent Directors

In according to the corporate governance of the Company's policy and comply with the rules of the Stock Exchange of Thailand. The Company has defined of independent director as follow:

Independent Director means the director who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly.

The Company has determined the qualification of Independent Director as follow;

- 1) Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest.
- 2) Does not have management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.
- 3) Does not have business relationship with the Company, its affiliates, or its associated companies; and not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest, for at least 2 years before appointing the duty of Independent Director.

- 4) Is not a person having blood relationship of other directors, management person, major shareholder, controlling person, or the person being nominated to be a director, management person or a controlling person of the Company or subsidiary company
- 5) Must not be appointed to protect the interest of any director or major shareholders.
- 6) Capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company and report result of duty performing as assigned by the Board of Directors, not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
- 7) Does not have any other characteristics which may restrict such person from offering independent comment or opinion on the Company's operations.

All the definition about has complied with the rules and regulations stipulated by Securities and Exchange Commission and the Stock Exchange of Thailand.

Criteria for Selection of Independent Directors

The Nomination and Remuneration Committee recruits qualified persons to be Independent Directors and propose to the Board of Directors Meeting and/or the Annual General of Shareholders Meeting for considered and appointment of Independent Directors.

8.4 Nomination and Appointment of the Board of Directors and Sub-Committee

The Company assigned the Nomination and Remuneration Committee to select qualified persons to be directors by considered persons who has knowledge, abilities and experienced.

Criteria for Selection of the Directors are as follows :

1. The Board of Directors consists of at least 5 Directors, not exceeding 15 Directors are appointed in the Shareholders' Meeting, (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations).
2. The appointment of Directors at the shareholders' meeting in compliance to regulations and corporate procedures as follows:
 - 2.1 Each shareholder has the vote equivalent to one vote per one share held.
 - 2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.
 - 2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the

event of any person who has been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.

3. In the shareholder annual meeting, one third of directors must be retired. In case one third (1 / 3) of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.
4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.
5. In the event where a director is voted to dismiss prior to the completion term, the votes must be more than three in four (3 / 4) of the shareholders attending the meeting with the right to vote.

Criteria and Selection of Audit and Risk Management Committee as follows :

Audit and Risk Management Committee must be the Director of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 person with knowledge, capability and experience in Accounting and Finance.

Criteria and Selection of Nomination and Remuneration Committee as follows :

Nomination and Remuneration Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

Criteria and Selection of Executive Directors as follows :

Executive Directors must be the Directors of the Company appointed by the Board of Directors. The Board of Directors considers the number of the Executive Directors and the Board of Director will appoint one Chairman of Executive Director.

The Board Diversity Policy

The Board of Directors has prescribed that the structure of Board should consist of directors with various qualifications in terms of skills , experience, expertise that is beneficial to the Company and gender. The Board of Director consist of one female independent director for board diversity; Assoc.Prof.Phornsiri Thivavarnvongs who has knowledge and expertise in accounting and financial.

Criteria of Directors Appointment by the Shareholders' Meeting

1. The Shareholders' meeting elected directors by criteria and method as follows;
 - 1.1 One shareholder has 1 share per 1 vote
 - 1.2 Each shareholder will use the share according to (1) to elect one person or many persons as director. In case of electing many persons as directors, that cannot divide their votes to any number of persons.
 - 1.3 The persons who have the highest votes in descending are elected as directors equal to the number of directors should be. In the event that the persons elected have equal votes more than the number of directors, the chairman shall a casting vote.
2. In every the Annual General Meeting of Shareholders, the directors 1/3 of the total number of the directors shall retire. If the number of directors to retire from office is not a multiple of three, then the number nearest to 1/3 shall be applied. In the first and the second year after the Company has been registered for public company, the rotation of the director shall be proceeded by way of drawing lots. For the following years, the director who is in the position for the longest term would be retired. However, the directors who is retired by rotation may be re-appointed to be the director for another term
3. Any director who resigned shall submit a resignation letter to the Company and effective from the date that resignation letter reach the Company
4. In voting for any director resigned before completion of term. The vote not less than three-fourths of the total number of shareholders attending the meeting and having right to vote. And have a total of not less than half of the number of shares that attending the meeting and having right to vote.

8.5 Selection of Executive and Succession Plan

The Company has personnel selection plan to be the executive which appropriate and transparent to ensure that executive has knowledge, skill, professionalism and effectively management. The Nomination and Remuneration Committee will prepare succession plans to propose the Board of Director for considering. The Company has executive recruitment process by considering educational qualifications, abilities, skill, experience for business operation, able to manage that achieve the objectives and understanding of the business. Including, not possessing prohibited characteristics under the Public Limited Companies Act B.E.2535.

8.6 Control of Subsidiaries and Associated Companies' Business Operations

Global House (Cambodia) Co., Ltd. ("GBC") and Global House International Co., Ltd. ("GBI") are subsidiary company and joint venture. The objective for investment in building materials retail and home decor products in ASEAN and Cambodia. The investment attribute to take equity and collaborative management with the individual local partner.

The Board of Director has appointed directors and executives to position in GBC and GBI for managing and policies as same as the Company

8.7 Internal Information Monitoring

Internal Information Monitoring Policy

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

1. The Board of Directors has define stipulation to prevent the wrongfully use of inside information by individual concerned that including directors, executive officers and employees (including spouse and minor child). By using the inside information was undisclosed for buy, sales or transfer the securities within 30 days before disclosure information to SEC or the publicly.
2. The Company assigned the Accounting and Financial department submit the financial reports to SET and SEC that reviewing by the Audit Committee and the Board of Directors in order to insure that the information will not be disclosed to public prematurely.
3. Informing to directors and executive officers for disclosure of shareholding to SEC according to the Article no.59 and penalties under the Public Limited Companies Act B.E. 1992.

Penalty Measure

The Company has implemented measure of penalty to misuse of inside information, according to the Public Limited Companies Act B.E.2535 (Including additional amendments) and relevant other regulations for transparency and treating all stakeholders fairly.

Details of Company's shareholding of the Directors and Executive Officers as 31 December 2018

No	Name	Position	A number of shareholding		
			31 Dec 2018	31 Dec 2017	Increase / (Decrease)
1.	Mr. Apisit Rujikeatkamjorn	Chairman	-	-	-
2.	Mr. Witoon Suriyawanakul	Director/Executive Director	20,926,768	19,358,658	1,568,110
3.	Mr. Anavat Suriyawanakul	Director/Executive Director	22,489,005	20,789,445	1,699,560
	Spouse and minor children		182,096,376	176,751,622	5,344,754
4.	Mrs. Warunee Suriyawanakul	Director / Executive Director	18,085,727	17,362,298	723,429
5.	Assoc.Prof. Phornsiri Thivavarnvongs	Director / Audit Committee	-	-	-
6.	Mr. Pornsak Sakpunpanom	Director / Audit Committee / Nomination&Remuneration Committee	-	-	-
7.	Dr. Vongsak Swasdiparnich	Director / Audit Committee / Nomination&Remuneration Committee	-	-	-
8.	Mr. Kajohndech Saengsubhan	Director	-	-	-
9.	Mr. Nithi Patarachoke	Director / Executive Director	-	-	-
10.	Mr. Aree Chawalitcheewingul	Director	-	-	-
11.	Mr. Yutthana Suriyawanakul	Vice - CEO	1,554,215	1,492,047	62,168
12.	Ms. Chutikan Srisaengchan	Vice - CEO	1,093,750	1,050,000	43,750
13.	Mr. Piphop Vasanaarchasakul	Vice - CEO	-	-	-
14.	Mr. Isara Rujikeatkamjorn	Vice - CEO	8,312,500	7,500,000	812,500
15.	Mr. Khemchat Sungkakam	Vice - CEO	123	119	4
	Spouse and minor children		231	-	231
16.	Mr. Pongkorn Suriyawanakul	Assistant - CEO	294,959	283,161	11,798
17.	Ms. Apanchanit Petchvong	Assistant - CEO	-	-	-
18.	Mr. Kriangkai Suriyawanakul	Assistant - CEO	464,844,750	446,250,960	18,593,790
	Spouse and minor children		16,666	-	16,666
19.	Mr. Tahpanat Asawachchulamanee	Assistant - CEO	132	96	36

Note : The numbers of shares that increase in 2018 mostly from the stock dividend payment.

8.8 Audit Fee

The resolution of Annual General Meeting of shareholders 2018 approved and appointed Mr. Methee Ratanasrimetha Certified Public Accountant Registration No. 3425 or Ms. Varaporn Vareesawedsuvan Certified Public Accountant Registration No. 5087 or Mr. Akadet Pliensakul Certified Public Accountant Registration No. 5389 or Ms. Kornthip Wanichwisedkul Certified Public Accountant Registration No. 6947 of M.R. & Associates Company Limited to be the Company's auditors for the year 2018 with 2,8000,000 Baht.

Transaction / Year	2016	2017	2018
Audit Fee	2,600,000.00	2,600,000.00	2,800,000.00
Non Audit Fee	130,040.00	128,950.00	134,365.00

8.9 Implementation of Corporate Governance Code for Listed Companies 2017

The Board of Directors has recognized with the principles of Corporate Governance Code for Listed Companies 2017, that issued by the Securities and Exchange Commission, Thailand agreed to revised and update the corporate governance manual and the code of conduct of the Company in accordance with the new principles. And promulgated to director's executives and employees of adopting for the Company's sustainable value creation.

8.10 Good corporate governance guidelines in other aspects

The Company has consistently implemented the principles of "Corporate Governance Code" for listed companies of the Stock Exchange of Thailand. In 2018, the Board of Directors has considered to apply the principles of "Corporate Governance Code" for listed companies 2017 that issued by the Securities and Exchange Commission, Thailand and regional international guidelines "ASEAN CG Scorecard" being adopted to consistent with the business of the Company. In 2018, the Company has not adopt with the principles of Corporate Governance Code as follows;

1. Determine the number of terms of an independent director can serve should be no more than 9 consecutive years, from the first appointment. If the director is to hold the position more than the term limit, it needs to be considered necessity
 - The 2018 Annual General Meeting of Shareholders, an independent director who held the position more than 9 consecutive years and due to retired by rotation was Mr. Apisit Rujikeatkamjorn. The Board of directors considered it appropriate to propose Mr. Apisit Rujikeatkamjorn to re – appointment for the position of chairman and independent director. The Board of Directors considered and agree that Mr. Apisit

Rujikeatkamjorn have fully qualifications are in accordance with the Public Company Limited Act B.E.1992. He is knowledgeable, capabilities, experienced in Company's business, that can advise and independent opinions which the relevant laws to the Company.

2. All members of the Nomination and Remuneration Committee are independent directors
 - The Nomination and Remuneration Committee comprises 3 members, 2 independent directors that more than half of the committee, and the chairman of the Nomination and Remuneration Committee is also an independent director. In order to the recruitment and remuneration of the Company to be the most independent.

1. Noninfringement of intellectual property or copyright

The company has the policy and guidelines for non-infringement of intellectual property by not supporting any actions considered intellectual property infringement, as stated in intellectual property law. If the company discovers any infringement, the quick appropriate process shall be implemented to cease or stop the access to the infringement.

2. Anti – Corruption

The company is committed to protecting and promoting the anti-corruption which is regarded as a crucial policy to strictly conduct business with integrity, honesty, transparency and accountability so as to create good values and corporate image. The company has expressed intention in the project of Collective Action Coalition against Corruption in the year 2015. And in the Board of directors meeting no. 6 / 2016 held on 21 December 2016, resolved to approve the Anti-Corruption Policy. That prescribed the company's personnel must comply with the "Anti - Corruption Policy" and not be involved in all forms of corruption, whether direct or indirect. Including defined the definitions according to the Anti-Corruption Policy, duties and responsibilities, practice guidelines and penalties which were promulgated throughout the company, acknowledged and implemented by the directors, executives and employees. The company put the policy and practice guidelines as follows

09

Corporate Social Responsibility



9. Corporate Social Responsibility

Corporate Social Responsibility : CSR

The Company continues to support activities for social benefits; donation of money and goods or corporate with government or private sector through our branches 61 stores. In 2018, the Company supports activities for social benefits totaling 260 transactions amount 5,879,675.71 Baht as follow;

1. **Education and Youth Development** : the Company has realized the importance of education and youth development. The Company has set a goal to support schools that not have school buildings or improve the school buildings in order to develop and educational opportunities for students in remote areas. In 2018, the Company support educational and various activities as follows;
 - 26 November 2018, the executives has hand over the 101 years memorial library building of Atsamat school Roiet to be a source of knowledge for students and people in this area, by the Company supporting of construction in amount of 1,000,000 Baht.
 - The Company donated goods for teaching and learning in vocational training for 32 educational institutions amount of 788,672 Baht to schools in the province Nakhon Prathom, Nakhon Nayok, Rayong, Chiang Rai, Chiang Mai, Lampang, Lum Phoon, Nan, Tak, Khon Kean, Maharakam, Surin, Nakhon Ratchasima, Chaiyapoom, Udonthani, Nakhon Phanom, Bung Kan, Mukdahan and Sakonnakon
 - The Company give scholarships to schools in remote areas and support the activities of Maharakam Rajabhat University amount of 72,000 Baht.
2. **Medical** : The Company realized on human life and the last year has participated in many medical activities such as;
 - The Company donate 100,000 Baht for “Atsamat Mini Marathon 2018” with the objective to improve the outpatient department building and purchasing medical equipments of Atsamat hospital.
 - Medical Equipment Donation : the Company raised the fund together with the supplier who joined for congratulations the New branch grand opening ceremony and spent the raising funds on medical materials and medical equipment to donate to the Srisangwan hospital Mae Hong Son and Si Banphot hospital Patthalung.
 - Blood Donation: the Company has participated in the blood donation of Thai provincial red cross chapter and provincial hospital and coordinated the blood donor with the convenience area for the blood donation. In 2018, the Company staff attended the blood donation for 1,788 people, the blood quantity was 639,100 cc, which increase from the previous year.

3. **Helping Disabled and Disadvantaged Persons** : A part of raising donations from the faithful customers and employees in our stores with “The project of your 1 Baht for create dream and opportunity” to the school for the blind in Roi Et, by placing donation boxes in our stores which collected donations up to 630,000 Baht.
4. **Religion** : Participating in building the arch gate of Tha Sa Bang temple Roi Et, Build a bathroom for Nua temple Roi Et and giving 60 sets of meditation practice in the moral for life project for the youth of Department of Juvenile Observation and Protection to maintain the Buddhism amount of 540,000 Baht.
5. **Traditional and Local Activities** : Co-sponsored in traditional and local activities for cultural traditions conservation and good relationships with the community such as Ubonratchathani Candel Festival, the Loi Krathog, Thai long-boat racing and Namaskarn pay respect to Buddha at the middle of the water cultural preservation project Angthong, International “Silk Festival & Pook Xiao Tradition” Fair in Khon Kaen province, Illuminated Boat Procession Nakon Phanom, Bun Kum Khao Yai Tradition Khon Kean province etc.
6. **Government and Public relation activities** : Participate and support subvention and utilization pass into the government agencies activities such as the national labor day, the national red cross fair, the Company provide equipment ,construction materials and for maintenance the buildings.
7. **Supporting 46,848 bottles of drinking water “GLOBAL House”** branded to 52 activities such as Bike Unairak 2018, CRA Charity Run 2018, Atsamat Mini Marathon 2018, Sport against drugs, Morchuanwing Project Mukdahan, Phu Phan Half Marathon (Run for Rangers), Dharma practice project, Mahsakam and Yasothon police stations for public service during New Year festival, etc.



10

Internal Control and Risk Management



10. Internal Control and Risk Management

The opinion of the Board of Directors

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

The Board of Director meeting 1/2019 on 18 February 2019, the directors and the Audit Committee evaluated the adequacy of internal control system. The Board of Directors' opinion that the internal control system was adequate and appropriated to nature of business and accordance with COSO (The Committee of Sponsoring Organization of the Tread way Commission) as follow;

1. Organization and Environment

The committee agreed that the company has clear organization chart and specified scope of authority and responsibility of each department. There is clearly state of business goal. The Management and administrator considered and defined business target and strategies, which can be adapted accordingly to environment .

The Board of Directors approved the code of conduct manual and published to website and intranet of the Company in order to be guideline for directors executives and staffs to adhere. For the policy of employees, the company was training all employees to develop skill and reviewed operation to be in the same line. Furthermore, also educated employees to love organization and provide best environment and welfares, as well as defined standard of performance assessment and fairly compensation.

2. Risk Management

The committee agree that the company has regularly considered and risk assessment that impact on operations. The Management committee have meeting with all relevant departments every months to acknowledge and follow up the result of operation and closely tracking for setting risk management to control the risk to be at acceptable level

3. Operational Control

The committee agree that the company has specified the scope of authority and detail of approval ineach level clearly. There is completely separated duty and responsibility for approval , account booking and information technology for examine each other.

4. Information Technology and Communication System

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

For the communication between executive officers and employees, the company has developed internal communication channels for more effectively, for employees are aware of policies and procedures in order to operate in the same line.

5. Monitoring System

The committee agree that the company has specified to meeting with all relevant departments every months to acknowledge and follow up regularly. Furthermore, specifying to Internal Audit Department directly reported audit's result and evaluated of internal control system of units to Management Committee and Audit and Risk Management Committee so that internal auditors can perform independently

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

The Executive Committee assigned to the Account and Financial department to audit and accurate of the Company's assets regularly. In addition, the auditing of financial statements of the year 2018 the certified auditor has no comment about the internal control system. and the risk management is set to promptly handle with any situation.

The opinion of Audit and Risk Management Committee.

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

Internal Audit Manager

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

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

Name : Mr. Siriwan Na - Nan

Position : Internal Audit Manager

Education :

- Master of Economics (Business Economics), Ramkhamhaeng University
- Bachelor of Business Administration (Accounting), Chiang Mai University

Specific Training Courses :

- Anti - Corruption : The Practical Guide (ACPG) 46 / 2018 (IOD)
- Developing Leadership for Finance and Accounting Professionals
- Internal Control System Framework COSO 2013, Federation of Accounting Professions
- Internal Control for Auditor
- Control Self Assessment, for Risk Management, PWC.
- IDEA Program for Auditing

The Brief Working Experience :

- July 2010 – Present Internal Audit Manager Siam Global House Public Co., Ltd.
- 1995 – June 2010 Internal Audit Officer TMB. Bank

Shareholding : 0.00%

11

Dividend Policy



11. Dividend Policy

The Company has the policy to pay dividend to shareholders not less than 30 % of the net profit of each year after deducting the legal reserve. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

The dividend payment for the year 2014 - 2017

Year	2014	2015	2016	2017
Earnings per share (Baht / Share)	0.2302	0.2399	0.4348	0.4199
Dividend per share (Baht / Share)	0.1587	0.0956	0.2156	0.2263
Proportion of dividends payment of net profit (%)	72.60	39.93	55.76	56.74

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

12

Related Transactions



12. Related Transactions

In 2018, the Company had significant business transactions with related parties (related by having common shareholding or co-directors), which have been concluded on commercial terms and bases agree upon in the ordinary course of business between the Company and those companies. The Company had related transaction between 2016- 2018 as follows;

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2018	2017	2016
1. Inter Concrete Industry Co.,Ltd.				
<ul style="list-style-type: none"> 3 co-directors and major shareholder 80.81% of capital register. 1. Mr. Witoon Suriyawanakul 2. Mr. Anawat Suriyawanakul 3. Mrs. Warunee Suriyawanakul 	Sale	10.05	9.29	11.19
	Account Receivable	0.50	0.38	0.76
	Purchase Assets	0.11	0.16	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.				
2. Siam Global Engineering Co.,Ltd.				
<ul style="list-style-type: none"> 1 co-directors Mr. Anawat Suriyawanakul and 3 co-directors are shareholders 29.65% of capital register; 1. Mr. Witoon Suriyawanakul 2. Mr. Anawat Suriyawanakul 3. Mrs. Warunee Suriyawanakul 	Sale	83.46	79.38	36.14
	Purchase	-	-	-
	Account Receivable	11.57	0.24	34.98
	Purchase Assets	486.03	537.22	244.66
	Other Payables	169.09	174.05	75.21
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.				
3. Petch Nam Nueng Non- juristic				
<ul style="list-style-type: none"> 1 co-director Mrs.Warunee Suriyawanakul 	Rental			
	(As of 31 Dec)	-	-	0.24
Audit Committee's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and negotiated agreement price.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2018	2017	2016
4. Thip Fiber-Cement Co., Ltd				
• Subsidiaries of The Siam Cement PCL.	Purchase	-	-	220.23
	Account Payable	-	-	-
	Sales promotion Income	-	-	25.89
	Other Income	-	-	1.55
	Accrued sale promotion Income	-	-	5.88
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
5. SCG Sourcing Co.,Ltd.				
• Subsidiary of SCG Distribution Co.,Ltd	Sales	-	-	1.06
	Purchase	-	-	-
	Account Receivable	-	-	-
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
6. Sосуco and Group(2008) Co.,Ltd.				
• Subsidiaries of The Siam Cement PCL.	Sales	0.01	-	-
	Account Receivable	0.12	-	-
	Purchase	73.61	128.49	160.98
	Account Payable	-	1.01	10.81
	Other Account Receivable	5.62	-	-
	Other Income	0.10	-	-
	Sale promotion income	7.30	10.59	12.48
	Accrued sale promotion income	-	4.41	3.23
	(As of 31 Dec)			
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2018	2017	2016
7. Thai-German Ceramic Industry PCL.				
• Subsidiaries of The Siam Cement PCL.	Sales	0.01	-	-
	Account Receivable	0.06	-	-
	Other Account Receivable	0.42	-	-
	Purchase	62.10	160.67	236.43
	Account Payable	-	2.51	22.89
	Other income	0.12	-	-
	Sale promotion income	2.64	12.44	20.05
	Accrued sale promotion income	-	0.35	3.53
	(As of 31 Dec)			

Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

8. SCG Logistic Management Co., Ltd.				
• Subsidiary of SCG Distribution Co., Ltd.	Purchase	27.94	69.35	162.23
	Sales	0.53	0.39	0.85
	Account Payable	0.35	0.82	-
	Other income	2.23	-	-
	(As of 31 Dec)			

Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

9. Thai Ceramic Co., Ltd.				
• Subsidiaries of The Siam Cement PCL.	Purchase	53.75	193.40	202.64
	Sales	0.04	-	-
	Account Payable	-	1.93	19.17
	Sale promotion income	0.75	2.79	1.90
	Accrued sale promotion income	-	0.57	0.40
	Other income	0.18	-	-
	(As of 31 Dec)			

Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2018	2017	2016
10. Siam Sanitary ware Industry Co.,Ltd.	Account Payable	15.18	15.67	10.70
• Subsidiaries of The Siam Cement PCL.	Purchase	82.14	77.40	-
	Sales	0.03	-	-
	Other Account Receivable	1.94	-	-
	Sale promotion income	7.16	6.76	2.28
	Accrued sale promotion income	-	2.50	0.30
	Other Income	0.45	-	-
	(As of 31 Dec)			

Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

11. The Nawaplastic Industries (Saraburi) Co., Ltd.				
• Subsidiaries of The Siam Cement PCL	Purchase	236.50	250.40	189.76
	Sales	0.04	-	-
	Account Payable	8.94	10.97	-
	Other Account Receivable	2.17	-	-
	Sale promotion income	4.01	2.09	1.71
	Accrued sale promotion income	-	2.04	1.66
	Other Income	5.00	0.60	0.48
	(As of 31 Dec)			

Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

12. Sima Kraft Industry Co.,Ltd.				
• Subsidiaries of The Siam Cement PCL	Sales	0.06	0.07	0.12
	Other Income		0.01	0.17
	(As of 31 Dec)			

Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2018	2017	2016
13. SCG Cement-Building Materials Co.,Ltd	Purchase	810.18	699.35	420.19
• Subsidiary of SCG Distribution Co.,Ltd	Sales	4.60	1.91	-
	Account Payable	2.71	8.79	19.23
	Other Account Payable	0.79	0.79	-
	Account Receivable	1.04	-	-
	Other Account Receivable	14.85	-	-
	Management Fee	8.84	8.84	8.84
	Sale promotion income	52.54	37.45	-
	Accrued sale promotion income	-	8.28	-
	Other Income	2.00	-	-
	(As of 31 Dec)			

Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

14. Souvanny Home Center Public Company.	Sales	0.72	16.47	44.68
• Associate of Global House International Co., Ltd.	Other Income	0.33	0.69	3.00
	Account Receivable	0.01	0.04	15.23
	(As of 31 Dec)			

Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.

15. Global House International Co., Ltd.	Interest Expense	3.98	1.29	-
• Joint venture	Interest income	0.06	-	-
	Other Income	0.12	0.10	-
	Other Account Receivable	6.62	0.10	-
	Other Account Payable	-	0.02	-
	Other Expense	-	0.02	-
	(As of 31 Dec)			

Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.

(Unit : Million Baht)

Name of Company / Relationship	Transaction	2018	2017	2016
16. Global House (Cambodia) Co., Ltd. • Subsidiary	Other Account Receivable (As of 31 Dec)	-	0.01	-
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
17. SCG Trading Vietnam Co.,Ltd, • Subsidiary of SCG Trading Co.,Ltd	Purchase (As of 31 Dec)	205.73	126.57	-
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
18. Lok Chum Teav Kim Heang • A shareholder of subsidiary	Rental Expense Accrued Rental (As of 31 Dec)	22.75 41.90	17.31 17.17	- -
Audit Committee 's Opinions. The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				
19. SCG CERAMICS PUBLIC COMPANY LIMITED • Subsidiary of SCG Trading Co.,Ltd	Sales Purchase Account Payable Account Receivable Other Account Receivable Sale promotion income (As of 31 Dec)	0.03 148.43 42.23 0.01 6.43 14.83	- - - - - -	- - - - - -
Audit Committee 's Opinions. : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.				

Audit Committee Commendations

From the meeting of the Audit Committee No. 1 / 2019 on 18 February 2019, audit committee commented on the related transaction between the company and person which may cause conflict of interest or will cause conflict of interest in the future follow Notification of Capital Market Supervisory Board. The meeting resolved unanimously that these related transaction was reasonable and fair price and benefit the company's business. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person.

Procedure to Approve the Related Transaction

From the meeting of the Board No. 4 / 2008 on 11 August 2008, the board approved on the case of entering into any deal or contract between the company and director, manager or any related person which may cause conflict. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person. In the case of normal deal, administrative section can process normally under the Meeting's resolution. Moreover, the company will prepare the summary report for the higher than 10 million Bath deal for every quarter and also report to the meeting for not-over 10 million Bath deal every quarter.

In the case of related transaction which may cause conflict, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET, the person who has conflict of interest in the connected transaction will not have the right to vote.

Guidelines for Treating Future Related Transactions

If the company have to make the transaction with person who may cause conflict of interest or will cause conflict of interest in the future, the company will give policies on the necessity of related transaction and the appropriate pricing of that transaction and consider the conditions to be in line with the general business in this industry and compare the price with the transaction done with a third party or the market price. In addition, the company will provide an independent expert or the company's auditor to give opinion on that transaction to use as guidance for the Board.

The future related transaction must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and not approve any transaction which may cause conflict of interest. In the case of related transaction between Siam Global House Public Company Limited and person who may cause conflict in the future, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as

guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET. The information was shown on 56 - 1 and 56 - 2 document.

Investor protection

In the order to protect the investor, the transaction which may cause conflict of interest in the future has to review by the audit committee in the meeting. Moreover, the company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and follow the rule of transaction disclosure.

13

Management Discussion and Analysis of Financial Status and Operating Results



13. Management Discussion and Analysis

Overview of Business Operating Results

The business operation results have grown significantly over the past three years (2016 - 2018) as a result of the increase of sale amount from same stores and new stores, include strategies to increase the proportion of sales of HOUSE BRAND products. Although the previous year, the economy has been affected by turbulences in politics and natural disasters but had not impact to the business operations and everything went according to plans. The Company expand new branches continuously from 46 stores in the end of year 2016 to 61 stores in the end of year 2018, by 15 stores which opened 2 years such as Prachuap Khirikhan, Ang Thong, Uttaradit, Loei, Chom Phae (Khon Kean), Phang Khon (Sakhonnakhon), Phatthalung, Chokchai (Nakhon Ratchasima), Tapharak (Samut Prakan), Pra Nakhon Si Ayutthaya, Chainat, Dan Khun Tod (Nakhon Ratchasima), Fang (Chiang Mai), Mae Hong Son and Nangrong (Buriram) respectively.

In addition, the policy of expanding branches continuously in domestic. The Company has a policy to expand branches to neighboring countries. By the end of 2018, the Company has opened a branch of the subsidiary company GLOBAL HOUSE (CAMBODIA) Co., LTD in Phnom Penh. Which is the first center for construction materials and home decoration products in Cambodia.

The operating results for the year 2018 the Company has net profit (consolidated financial statement) is Baht 1,990.66 million that increase by Baht 388.57 million or increase 24.25 % compared to the year 2017 and equal 7.84% of sales which the mainly result from the adjustment of business operating strategy to be in line with the economics.

The overall of performance during 2016 - 2018

Total Revenue

Unit : Million Baht

Transaction	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
1. Sales Revenues	25,336.49	96.47	20,830.56	96.65	18,857.44	96.83
Construction Material Products	9,746.65	37.11	8,507.35	39.47	5,879.69	30.19
Home Decorating Products	15,589.84	59.36	12,323.21	57.18	12,977.75	66.64
2. Other Revenues	860.00	3.28	721.62	3.35	616.67	3.17
3. Revenues from Subsidiary	65.92	0.25	-	-	-	-
Total revenues	26,262.41	100.00	21,552.18	100.00	19,474.11	100.00

The Company's total revenue since 2016 - 2018 has grown from 19,474.11 million Baht in 2016, 21,552.18 million Baht in 2017 and 26,262.41 million Baht in 2018. These figures are reflections of the performance of same stores and branches expansion continuously. The total revenues comprise of the following;

- Sales revenues, which separate products into 2 groups as construction materials products and home decorating products
- Other revenues from sales promotion and other services fees

Distribution Costs and Administrative Expense

The proportions of costs of sales to the revenues from 2016- 2018 were 76.92%, 76.76% and 76.52% respectively. Administrative expenses from 2016 – 2018 were 2,471.31 million Baht, 2,865.09 million Baht and 3,467.20 million Baht respectively. It was mainly driven by the increase of salary expenses of new stores from 46 stores in 2016 to 61 stores in 2018.

In 2018, the Company had policy of other employees benefit to employee's seniority 10-25 years amount of 11.51 million Baht in order to be morale and thank the employees who have worked with the Company for a long time.

Gross Profit

The Company' gross profit from 2016-2018 were 3,877.03 million Baht , 4,286.91 million Baht and 5,305.93 million Baht respectively.

If comparing with sales revenues that the Company has gross profit margin in 2016-2018 equal 20.56% , 20.58% and 20.89% respectively. The gross profit margin which has been increasing because of the increase in the proportion of house brand products.

Net Profit

The Company' net profit in 2016-2018 were 1,676.03 million Baht, 1,602.09 million Baht and 1,990.66 million Baht respectively.

If comparing with total revenues that the Company has profit margin in 2016-2018 equal 8.61% , 7.43% and 7.58 % respectively. The mainly driven by the adjustment of business operating strategy to be in line with the economics and efficiency in managing the company's expenses.

Total Assets

The total assets of the Company from 2016 – 2018 were 23,067.27 million Baht, 28,229.56 million Baht and 31,016.98 respectively. Significant changes are as follows:

1. Cash and cash equivalent as at 31st December 2016 was 168.99 million Baht , as at 31st December 2017 was 346.97 million Baht, and as at 31st December 2018 was 661.60 million Baht.

2. Account receivables as at 31st December 2016 was 101.20 million Baht, as at 31st December 2017 was 33.85 million Baht, and as at 31st December 2018 was 161.20 million Baht. Show that, there was the increasing of account receivable in 2016-2018. However, the company has the policy to strict on giving credits and collection to reduce any risk of lately payment.
3. Inventory as at 31st December 2016 was 10,249.66 million Baht, as at 31st December 2017 was 12,603.61 million Baht and as at 31st December 2018 was 13,297.75 million Baht. The significant increase in inventory was the result of stores expansion.
4. Land, Building and equipment as at 31st December 2016 was 10,347.19 million Baht, as at 31st December 2017 was 12,491.83 million Baht and as at 31st December 2018 was 13,958.58 million Bath. Including, Land not use in operation as at 31st December 2016 was 500.36 million baht, as at 31st December 2017 was 500.36 million Baht and as at 31st December 2018 was 500.36 million baht. This is due to the expansion of stores every year and do not new revaluation.

Liabilities

The total liability as at 31st December 2016 was 10,721.60 million Baht, as at 31st December 2017 was 14,849.46 million Baht and 31st December 2018 was 16,130.62 million Baht. The debt ratios over the three years were 0.87, 1.11 and 1.08 respectively.

Shareholders' Equity

The Company has shareholders' equity as at 31st December 2016 was 12,345.67 million Baht, as at 31st December 2017 was 13,380.10 million Baht and as at 31st December 2018 was 14,886.37 million Baht. In the year 2018 the Company has increase the registered capital amount 4,001,472,951.00 Baht and paid - up capital of 4,001,469,549.00 Baht. In 2018, the Company made net profit from operating of 1,990.66 million Baht and the Company reserved 100.00 million Baht in compliance with laws. As a result, as at 31st December 2018, the Company has the appropriated retained earnings and in compliance with the laws of 484.18 million Baht and had inappropriate retained earnings of 5,448.79 million Baht, which means the shareholder's equity increased comparing to 2017 approximately by 11.26%

Cash flows

Unit : Million baht

Transaction	Consolidated Financial Statement		Separate Financial Statement	
	2018	2017	2018	2017
Cash flows from operating activities	2,252.80	139.97	2,359.80	145.28
Cash flows from investing activities	(2,257.10)	(2,955.61)	(2,425.14)	(2,975.32)
Cash flows from financing activities	317.93	2,995.84	317.93	2,995.84
Transaction adjustments	1.00	(2.21)	-	-
Net increase (decrease) in cash	661.60	346.97	587.38	334.79

As at 31st December 2018, the Company has cash and cash equivalents were 661.60 million Baht that increase from 31st December 2017 amount 314.63 million Baht because of the following activities;

In 2018, the company had profit from operating activities before change in operating assets and liabilities of 3,563.33 million Baht. The working capital increased based on calculation of net change in operating assets and liabilities of 897.62 million baht, and payment for taxes during the year of 412.91 million Baht, thus resulting in net cash from operating activities of 2,252.80 million Baht.

Net cash flows investing activities 2,257.10 million Baht that comprising of key transaction such as purchased the property plant and equipment of Baht 2,200.04 million, investment in joint venture Baht 164.50 million, leasehold rights Baht 81.70 million, and non-controlling interest Baht 195.77 million.

Net cash flows from financing activities 317.93 million Baht. The Company had repayments of long- term loans from financial institution, short-term loans from joint venture and dividends payment by 2,036.67 million Baht, 460.00 million baht and 709.24 million Baht respectively. Thus, the Company disbursed additional from financial institution for short - term loans 2,009.48 million Baht and long-term loans 1,277.00 million baht. In this regard, the Company funded those activities by issuing debentures 1 / 2018 of 500.00 million Baht.

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

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

1. The fluctuations of the domestic economy.

Currently, the opinion of academics and economic' experts shown the economics of Thailand may be slow down by several factors, especially the drought in several regions of country that may affect to investment and including the reduction of public spending. During the past, the Company has been monitoring the situation and analyzed the impact on sales continuously. The Company trust on the strength of financial status of the Company that will support long term plans to expand business cover the country and ASEAN. In addition, the Company is establishing a distribution center in Ayutthaya province. In order to improve supply chain management which enhance the company's profitability in long term. The Distribution Center has operated in October 2017.

2. The fluctuations of exchange rate.

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

3. Competition in the industry.

The last 3 years , the acceleration of expansion of competitors including of new entrepreneurs in business that make higher competition. The Company focus on products presentation about building materials to appropriate for target customers along with the policy "All inclusive for your house". In addition, the Company will continue focus on making a difference of service and knowledge of the staffs in order to retain the customers in long term.

4. Human resource recruitment.

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

14

Audit and Risk Management Committee's Report



14. Audit and Risk Management Committee's Report

Dear Shareholders

The Audit and Risk Management Committee of the Company consists of 3 independent directors. All committees have abilities, qualifications and independent according to the regulations of the Stock Exchange of Thailand by having;

1. Assoc.Prof. Phornsiri Thivavanvongs Chairman of Audit and Risk Management Committee
2. Mr. Pornsak Sakpunpanom Member of Audit and Risk Management Committee
3. Dr. Vongsak Swasdipanich Member of Audit and Risk Management Committee

For the year 2018, the Audit Committee has performed the duty according to the scope of responsibility as stipulated in the charter of the Audit Committee and according to the assignment from the Company's Board of Directors. There were 5 meetings. The Essence of the Work Performed in year 2018 :

1. Having considered and review the quarterly financial report of the company and the annual financial statements for the year 2018 with the top managing director in company (Vice Chief Executive Officer in Accounting & Financial) before such were disclosed to the Stock Exchange of Thailand and the Office of the Securities and Stock Exchange Commission. The financial report of the Company is reliable, accurate and complete according to the generally accepted accounting principle and has sufficiently and timely disclosed material information.
2. Having review the related transactions between the person who relate with the company, the Audit and Risk Management Committee agree that all transactions are normal condition of trading, there are no transfer of benefit. Company is also revealed the financial statement to the public.
3. Having review the company's internal control system, the Audit and Risk Management Committee agree that the company has sufficient and efficient internal control system which cover the organization and environment, risks management , operational control , Information Technology and Communication system and the monitoring system.
4. Having performed of internal audit that the Audit and Risk Management Committee is review audit's plan 2018 and acknowledge audit's operating. They have given suggestion to internal audit department for more efficiency performance.
5. Having review the performance to be comply with the laws on Securities and Stock Exchange, the rule of Stock Exchange or the laws relevant to the business proceeding of the company. The Audit and Risk Management Committee agree that the company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.

6. Having considered the selection and nomination of company's independent auditor and determination of the audit fee to propose in 2018 to the Company's Board of Directors for the request for approval from the meeting of shareholders. The candidates are Mr. Methee Ratanasrimetha CPA No. 3425 or Ms. Varaporn Vareesawedsuvan CPA No. 5087 or Mr. Akadet Pliensakul CPA No. 5389 or Ms. Kornthip Wanichwisedkul CPA No. 6947 of M&R ASSOCIATES CO.,LTD as the auditors of the Company for the year 2018 and approved the auditor fee of 2,800,000 Baht for the Company's Financial Statements.
7. Having convened with the independent auditors 3 times to discuss key issues in the preparation of the financial statements and acknowledge audit issues and recommendation from auditors . The meeting had no attendance of the management.

The Audit and Risk Management Committee has opinions from the review of the Company's operations in the year 2018, that the Company has followed the relevant laws and regulations that according to the good corporate governance and sufficient internal control system for business operations.



(Assoc. Prof. Phornsiri Thivavarnvongs)

Chairman of Audit & Risk Management Committee

Siam Global House Public Company Limited

18 February 2019

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Board of Directors' Responsibility for Financial Reporting



15. Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for overall financial statements of Siam Global House Public Company Limited and its subsidiaries and any financial information shown in the Annual Report. The financial statement was prepared in accordance with the accounting standard as generally accepted. The Company chooses appropriate accounting policy and always acts accordingly together with careful discretion and the best estimation for such arrangements. This includes adequate disclosures of necessary information in remarks and appendix of the financial statements.

The Board of Directors maintains the efficiency of the internal audit control system in order to be reasonably confident that records of any accounting information are accurate, through, complete and enough to maintain the Company's assets. It is also aimed at substantially identify and acknowledge weaknesses to prevent malfeasance or inappropriate performances.

In this regard, the Board of Directors of the Company has appointed an Audit & Risk Management Committee, comprising the Independent Directors who are not Executives. The Audit Committees shall have the responsibilities relating to the quality of the report on financial statement and internal control system. The opinion of the Audit Committee with regards to these subjects appeared in the report of the Audit Committee as shown in the Annual Report.

The financial statement of the Company have been examined by external auditor ,M.R.& AssociatesCo.,Ltd.. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considered that, in general, the internal control system of the Company has achieved satisfactory level. It can also reasonably ensure the reliability of the Company and its subsidiaries' accounting system as of December 31, 2018.



(Mr. Apisit Rujikeatkamjorn)

Chairman of the Board

Siam Global House Public Company Limited

18 February 2019

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Board of Directors & Executives Profile



Mr. Apisit Rujikeatkamjorn

Age : 73 Years **Nationality :** Thai
Position : Chairman / Independent Director
Appointed as the Director on 26 February 2008
Education

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



Director Training

- Director Accreditation Program 21 / 2004 and 27 / 2004 (IOD)
- Finance for Non-Finance Director 24 / 2005
- Understanding the Fundamental of Financial Statements Program 5 / 2006
- Audit Committee Program 22 / 2008
- The Role of Chairman Program 26 / 2011

The Brief Working Experience in 5 years.

- 2008 - Present Chairman, Siam Global House PCL.
- 2017 - Present Chairman, LAO Agro Tech Public Company
Chairman, Global House (Cambodia) Co., Ltd
- 2015 - Present Chairman, D.T.C. Enterprise Co.,LTD
- 2014 - Present Vice-President, Asia Green Energy PCL.
Chairman, Asia Bio Mass, Co., LTD.
- 2012 – Present Chairman, Sea Oil, PCL.
- 2011 - Present Chairman, Eco Lighting, Co.,LTD.

Director position other listed company : 4 Companies

Director position other non-listed company : 4 Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)

Mr. Witoon Suriyawanakul**Age :** 60 Years**Nationality :** Thai**Position :** Director / Executive Director (CEO) /

Nomination & Remuneration Committee

Appointed as the Director on 10 May 2017**Education**

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

**Director Training**

- Director Accreditation Program 68/2008(OD)

Training in 2018 : (None)**The Brief Working Experience in 5 years.**

- 2017 - Present Director / Executive Director / Nomination & Remuneration Committee, Siam Global House PCL.
Director, Global House Cambodia. Co.,Ltd
- 2015 - Present Chairman, Global House International Co.,LTD
- 1997 - Present Director, Inter Concrete Industry Co., Ltd.
Director,Siam Global Asset Co., Ltd.

Director position other listed company : 1 Company**Director position other non-listed company :** 4 Companies**Shareholding (%) :** 0.52% (Held personally : 0.52 %) , Held by spouse or minor children : None)**Family Relationship among Directors and Executives :** Mr. Anawat Suriyawanakul's brother and Mrs. Warunee Suriyawanakul's husband

Mr. Anavat Suriyawanakul

Age : 58 Years **Nationality :** Thai

Position : Director / Executive Director / Vice-CEO
Inventory Management and Marketing

Appointed as the Director on 26 February 2008

Education

- Secondary Education

Director Training

- Director Accreditation Program 68/2008 (IOD)

Training in 2018 : (None)

The Brief Working Experience in 5 years.

2017 - Present Director / Executive Director

Vice-CEO Inventory Management and Marketing Siam Global House PCL.

1997 - Present Director Siam Global Engineering Co.,Ltd.

Inter Concrete Industry Co.,Ltd.

Global Concrete Co.,Ltd.

Siam Global Asset Co.,Ltd.

2015 - Present Director, Global House International Co.,LTD

2016 - May 2017 CEO, Siam Global House PCL.

Director position other listed company : 1 Company

Director position other non-listed company : 5 Companies

Shareholding (%) : 5.11% (Held personally : 0.56% , Held by spouse or minor children : 4.55%)

Family Relationship among Directors and Executives: Mr. Witoon Suriyawanakul's brother



Mrs. Warunee Suriyawanakul**Age :** 58 Years**Nationality :** Thai**Position :** Director / Executive Director / Vice-CEO
Human Resource**Appointed as the Director on** 26 February 2008**Education**

- Secondary Education

Director Training

- Director Accreditation Program 68/2008 (IOD)

Training in 2018 : (None)**The Brief Working Experience in 5 years.**

- 2008 - Present Director / Executive Director Vice-CEO Human Resource,
Siam Global House PCL.
- 2015 - Present Director, Global House International Co.,LTD
- 1997 - Present Director, Inter Concrete Industry Co., Ltd.

Director position other listed company : 1 Company**Director position other non-listed company :** 2 Companies**Shareholding (%) :** 0.45% (Held personally : 0.45% , Held by spouse or minor children : None)**Family Relationship among Directors and Executives:** Mr. Witoon Suriyawanakul's wife

Mr. Nithi Patarachoke

Age : 55 Years **Nationality :** Thai

Position : Director / Executive Director

Appointed as the Director on 23 November 2012

Education

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



Director Training : (None)

Training in 2018 : (None)

The Brief Working Experience in 5 years.

- 2012 - Present Director / Executive Director Siam Global House PCL.
- 2015 - Present Director, Global House International Co.,LTD
- 2013 - Present Director, SCG Cement - Building Materials Co.,Ltd
Vice-Chairman, Thailand Management Association

Director position other listed company : 3 Companies

Director position other non-listed company : 4 Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)

Mr. Paramate Nisagornsen**Age :** 51 Years **Nationality :** Thai**Position :** Director**Appointed as the Director on** 9 November 2018**Education**

- Master of Science in Management, Massachusetts Institute of Technology, USA
- Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology North Bangkok
- Certificate of Advanced Management Program from Harvard Business School, USA

**Director Training :** (None)**Training in 2018 :** (None)**The Brief Working Experience in 5 years.**

- Nov 2018 - Present Director Siam Global House PCL.
Director, Global House International Co.,LTD
- 2018 - Present Vice President Regional Business SCG Cement - Building Materials Co.,Ltd
- 2016 - 2017 Managing Director, Bangkok Synthetics Co., Ltd.
- 2012 - 2015 Operations Vice President Director, PT. Chandra Asri Petrochemicals Tbk. Indonesia
- 2011 - 2012 Managing Director , Nawa Plastic Industries Co., Ltd.

Director position other listed company : 1 Company**Director position other non-listed company :** 5 Companies**Shareholding (%) :** Held personally : (None) , Held by spouse or minor children : (None)**Family Relationship among Directors and Executives :** (None)

Mr. Wiroat Rattanachaisit

Age : 48 Years

Nationality : Thai

Position : Director

Appointed as the Director on 9 November 2018

Education

- Bachelor of Business (Marketing) UTCC School of Business

Director Training : (None)

Training in 2018 : (None)

The Brief Working Experience in 5 years.

- Nov 2018 - Present Director Siam Global House PCL.
Director, Global House International Co.,LTD
- 2018 - Present Managing Director-Distribution and e - Channel Business,
SCG Cement - Building Materials Co., Ltd
- 2017 - 2018 Managing Director-Sales and Channels, SCG Cement - Building
Materials Co., Ltd
- 2013 - 2016 Managing Director-Sales and Channels, Domestic Market,
SCG Cement-Building Materials Co., Ltd

Director position other listed company : 2 Companies

Director position other non-listed company : 4 Companies

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)



Assoc. Prof. Phonsiri Thivavanvongs**Age :** 66 Years**Nationality :** Thai**Position :** Director / Independent Director /
Chairman of Audit & Risk Management
Committee**Appointed as the Director on** 26 February 2008**Education**

- M.B.A. (Finance) UNIVERSITY OF WISCONSIN AT MADISON U.S.A.
- Bachelor of Accountancy (First - Class Honors with Gold Medal Award), Faculty of Commerce and Accountancy, Chulalongkorn University

Director Training

- Director Accreditation Program 68/2008 (IOD)

Training in 2018 : (None)**The Brief Working Experience in 5 years.**

- 2013 - Present Director / Independent Director / Chairman of Audit & Risk Management Committee Siam Global House PCL.
- 2008 - 2012 Director, of Audit & Risk Management Committee Siam Global House PCL.

Director position other listed company : 1 Company**Director position other non-listed company :** (None)**Shareholding (%) :** Held personally : (None) , Held by spouse or minor children : (None)**Family Relationship among Directors and Executives :** (None)

Mr. Pornsak Sakpanpanom

Age : 71 Years **Nationality :** Thai

Position : Director / Independent Director /
Audit & Risk Management Committee /
Chairman of Nomination &
Remuneration Committee

Appointed as the Director on 4 April 2013

Education

- Barrister, Institute of Legal Education of the Thai Bar.
- Bachelor of Laws (Honors), Thammasat University.

Director Training

- Director Accreditation Program 111 / 2014 of IOD

Training in 2018

- Seminar of Audit Committee Forum 2018 , “Learn, unlearn and relearn-Audit Committee in the Age of Disruption”, IOD

The Brief Working Experience in 5 years.

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

Director position other listed company : 1 Company

Director position other non-listed company : 1 Company

Shareholding (%) : Held personally : (None) , Held by spouse or minor children : (None)

Family Relationship among Directors and Executives : (None)



Dr. Vongsak Swasdipanich**Age :** 66 Years**Nationality :** Thai**Position :** Director / Independent Director /
Audit & Risk Management Committee /
Nomination & Remuneration Committee**Appointed as the Director on** 11 May 2016**Education**

- D.Litt.PA , St.Clements University, UK_
- MPA. Public Affairs, Kentucky State University USA.
- Bachelor of Art (Political Sience), Chiang Mai University.

Director Training

- Director Accreditation Program 134 / 2017 of IOD

Training in 2018

- The Leader of Bangkok Course 3

The Brief Working Experience in 5 years.

- 2016 - Present Director / Independent Director / Audit & Risk Management
Committee / Nomination & Remuneration Committee

Director position other listed company : 1 Company**Director position other non-listed company :** (None)**Shareholding (%) :** Held personally : (None) , Held by spouse or minor children : (None)**Family Relationship among Directors and Executives :** (None)

Profile of Executive

Mr. Yutthana Suriyawanakul

Age : 47 Years **Nationality :** Thai

Position : Vice CEO - Imported Products

Appointed as the Director on

23 November 2012

Education

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

Director Training

- Director Accreditation Program 68 / 2008 (IOD)

The Brief Working Experience in 5 years.

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

Shareholding (%) : 0.04%

Held personally : 0.04% ,

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

Mr. Witoon Suriyawanakul's nephew

Ms. Chutikan Srisaengchan

Age : 49 Years **Nationality :** Thai

Position : Vice CEO - Accounting & Financial

Appointed as the Director on

23 November 2012

Education

- Master of Business Administration, Khon Kaen University
- Bachelor of Accountancy, Thammasat University

Director Training

- Director Accreditation Program 68 / 2008

The Brief Working Experience in 5 years.

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

Shareholding (%) : 0.03%

Held personally : 0.03% ,

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

(None)

Mr. Piphop Vasanaarchasakul**Age :** 48 Years **Nationality :** Thai**Position :** Vice CEO - Business Development**Appointed as the Director on**

11 December 2017

Education

- Bachelor of Humanities, Kasetsart University
- LDP 1, 2 (Leadership Development Program)
- Store Tour Modern Trade in USA (Home Depot, Lowes)

Director Training

- Strategic Customer Retention CRM

The Brief Working Experience in 5 years.

- Dec 2017 - Present Vice CEO - Business Development, Siam Global House PCL
- 2014 – Nov 2017 Assistance of Vice-CEO-Business Development, Siam Global House PCL
- Decr 2017 – Present Director, Global House International Co.,Ltd

Shareholding (%) : (None)**Family Relationship among Directors and Executives :**
(None)**Mr. Khemchat Sungkakam****Age :** 36 Years **Nationality :** Thai**Position :** Vice CEO - Innovation &
System Development**Appointed as the Director on**

11 December 2017

EducationBachelor of Engineering Program in Industrial Engineering,
Khon Kaen University**Director Training (None)****The Brief Working Experience in 5 years.**

- Dec 2017 - Present Vice CEO - Innovation & System Development, Siam Global House PCL
- 2012 - Nov 2017 Manager of Innovation & System Development

Shareholding (%) : 0.00%

Held personally : 0.00% ,

Held by spouse or minor children: 0.00%

Family Relationship among Directors and Executives :
(None)

Mr. Isara Rujikeatkamjorn**Age :** 39 Years **Nationality :** Thai**Position :** Vice CEO**Appointed as the Director on**
4 October 2018**Education**

- MBA Texas A & M University ,USA
- Bachelor of Engineering, Khon Kaen University

Director Training

- Training Anti - Corruption Course : The Practical Guide, ACPG 46 / 2018, IOD

The Brief Working Experience in 5 years.

- Oct 2018 – Present Vice CEO of Siam Global House PCL.
- Dec 2017 - Sep 2018 Assistant CEO of Siam Global House PCL.

Shareholding (%) : 0.21%

Held personally : 0.21% ,

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

Mr. Apisit Rujikeatkamjorn's son

Mr. Kriangkai Suriyawanakul**Age :** 30 Years **Nationality :** Thai**Position :** Assistant CEO Supply Chain**Appointed as the Director on**
13 December 2017**Education**

- Master of Logistics and Supply chain Management, The University of Nottingham
- Bachelor of Engineering, Thammasat University
- Engineering The University of Nottingham

Director Training (None)**The Brief Working Experience in 5 years.**

- Dec 2017 – Present Assistant CEO Supply Chain, Siam Global House PCL

Shareholding (%) : 11.62%

Held personally : 11.62%

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

Mr. Witton - Mrs. Warunee Suriyawanakul's son

Mr. Pongkorn Suriyawanakul**Age :** 37 Years **Nationality :** Thai**Position :** Assistant CEO Engineering**Appointed as the Director on**

13 December 2017

Education

- Bachelor of Engineering, Thammasat University

Director Training (None)**The Brief Working Experience in 5 years.**

- Dec 2017 – Present Assistant CEO - Engineering ,
Siam Global House PCL

Shareholding (%) : 0.01%

Held personally : 0.01%

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

Mr. Witoon Suriyawanakul's nephew

Miss. Apanchanit Petchvong**Age :** 41 Years **Nationality :** Thai**Position :** Assistant CEO - Marketing
Management**Appointed as the Director on**

13 December 2017

Education

- MBA Texas A&M University ,USA
- Bachelor of Engineering, Khon Kaen University

Director Training (None)**The Brief Working Experience in 5 years.**

- Dec 2017 – Present Assistant CEO Marketing
Management of Siam Global House PCL.

Shareholding (%) : (None)**Family Relationship among Directors and Executives :**

(None)

Mr. Thapanat Asawachulamanee**Age :** 35 Years **Nationality :** Thai**Position :** Assistant CEO Innovation &
System Development**Appointed as the Director on**

13 December 2017

Education

- Bachelor of Engineering (Computer Engineering),
Khon Kaen University

Director Training (None)**The Brief Working Experience in 5 years.**

- Dec 2017 – Present Assistant CEO Innovation &
System Development, Siam Global House PCL.

Shareholding (%) : 0.00%

Held personally : 0.00%

Held by spouse or minor children : (None)

Family Relationship among Directors and Executives :

(None)

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Financial Statement 2018



SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Financial Statements

For the Year Ended December 31, 2018
and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.

Certified Public Accountants

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

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

Opinion

I have audited the consolidated financial statements of Siam Global House Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Siam Global House Public Company Limited, which comprise the separate statement of financial position as at December 31, 2018, and the separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Siam Global House Public Company Limited and its subsidiary as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Thai Financial Reporting Standards. Also, the accompanying separate financial statements present fairly, in all material respects, the financial position of Siam Global House Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Valuation of merchandises

High competition in the current market outlook for construction material sectors in Thailand. The selling price depends on the competitive situation of the market. Certain merchandises may not be sold at the expected selling price. The Company reviews their merchandises values by comparing their cost against their net realizable value. Any loss on decline in value of merchandises was charged to expense for the year.

Significant accounting policies and other information relating to merchandises was disclosed in Notes 4 and 7 to the financial statements.

My audit procedures included inquiring the management who is responsible for this to obtain the Company's policy for loss on decline in value of merchandises. I have understood and review the compliance with the Company's accounting policy and randomly test of loss on decline in value of merchandises whether it is in accordance with the Company's accounting policy, and testing calculation of such loss by comparing the cost of merchandises against net realizable value.

Other Matter

The consolidated financial statements of Siam Global House Public Company Limited and its subsidiary and the separate financial statements of Siam Global House Public Company Limited for the year ended December 31, 2017 were audited by another auditor in my office whose report dated February 9, 2018, expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to audit committee.

Responsibilities of Management and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to

draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with audit committee, I determine that matters that were of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe the matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Mr. Methee Ratanasrimetha)

Certified Public Accountant

Registration No. 3425

M.R. & ASSOCIATES CO., LTD.

Bangkok

February 18, 2019

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018 AND 2017

ASSETS

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		December 31,	December 31,	December 31,	December 31,
Note		2018	2017	2018	2017
CURRENT ASSETS					
Cash and cash equivalents		661,596,250	346,972,429	587,375,634	334,791,340
Trade and other accounts receivable					
- Related parties	5	45,318,584	19,284,435	45,318,584	19,298,935
- Others	6	1,376,177,070	1,356,464,260	1,321,757,924	1,350,003,793
Short-term loans to joint venture and accrued interest income	5	6,500,331	-	6,500,331	-
Merchandises	7	13,297,753,934	12,603,612,791	13,058,513,981	12,603,612,791
Total current assets		15,387,346,169	14,326,333,915	15,019,466,454	14,307,706,859
NON-CURRENT ASSETS					
Investment in subsidiary	8	-	-	287,764,950	46,436,500
Investment in joint venture	9	785,570,613	606,924,659	759,500,000	595,000,000
Property, plant and equipment	3, 10	13,958,582,098	12,491,828,933	13,632,691,583	12,434,124,408
Land not use in operation	11	500,357,431	500,357,431	500,357,431	500,357,431
Intangible assets	12	9,686,846	6,030,488	8,756,245	6,030,488
Deferred tax assets	13	32,596,210	25,855,579	23,497,891	22,319,165
Other non-current assets					
- Leasehold rights	14	329,138,657	259,628,630	322,326,245	252,767,701
- Others		13,703,352	12,602,224	13,542,725	12,602,224
Total non-current assets		15,629,635,207	13,903,227,944	15,548,437,070	13,869,637,917
TOTAL ASSETS		31,016,981,376	28,229,561,859	30,567,903,524	28,177,344,776

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018 AND 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		December 31,	December 31,	December 31,	December 31,
Note		2018	2017	2018	2017
CURRENT LIABILITIES					
Short-term loans from financial institutions	15	10,040,438,376	8,030,956,594	10,040,438,376	8,030,956,594
Trade and other accounts payable					
- Related parties	5	248,908,589	216,889,676	239,269,179	216,889,676
- Others	16	2,618,771,791	2,753,185,171	2,442,343,528	2,751,180,373
Current portion of long-term loans	15	1,328,333,333	2,036,666,667	1,328,333,333	2,036,666,667
Current portion of accrued rental expenses	14	10,071,249	3,450,069	6,484,928	3,450,069
Short-term loans from joint venture	5	-	460,000,000	-	460,000,000
Income tax payable		188,696,877	131,489,171	188,696,877	131,489,171
Other current liabilities		99,857	4,316,319	99,857	4,316,319
Total Current Liabilities		14,435,320,072	13,636,953,667	14,245,666,078	13,634,948,869
NON-CURRENT LIABILITIES					
Long-term loans	15	1,053,666,667	1,105,000,000	1,053,666,667	1,105,000,000
Debentures	17	500,000,000	-	500,000,000	-
Accrued rental expenses	5, 14	56,114,199	25,730,872	17,805,226	8,562,939
Deferred tax liabilities	13	6,014,112	719,842	930,963	719,842
Provisions for employee benefits	18	79,500,025	81,058,166	79,500,025	81,058,166
Total non-current liabilities		1,695,295,003	1,212,508,880	1,651,902,881	1,195,340,947
Total liabilities		16,130,615,075	14,849,462,547	15,897,568,959	14,830,289,816

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018 AND 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
SHAREHOLDERS' EQUITY					
Share capital	19				
Authorized share capital		4,001,472,951	3,841,416,727	4,001,472,951	3,841,416,727
Issued and paid-up share capital		4,001,469,549	3,841,414,033	4,001,469,549	3,841,414,033
Share premium	20	4,739,295,827	4,739,295,827	4,739,295,827	4,739,295,827
Retained earnings					
Appropriated for legal reserve	21	484,182,751	384,182,751	484,182,751	384,182,751
Unappropriated		5,448,789,251	4,386,382,370	5,445,386,438	4,382,162,349
Other components of shareholders' equity		(1,308,861)	(1,459,696)	-	-
Equity attributable to equity holders of the parent		14,672,428,517	13,349,815,285	14,670,334,565	13,347,054,960
Non-controlling interest		213,937,784	30,284,027	-	###
Total shareholders' equity		14,886,366,301	13,380,099,312	14,670,334,565	13,347,054,960
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		31,016,981,376	28,229,561,859	30,567,903,524	28,177,344,776

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2018	2017	2018	2017
REVENUES	5				
Net sales	27	25,402,065,797	20,830,563,792	25,336,486,145	20,830,563,792
Other income	22	860,348,112	721,617,904	860,008,811	721,568,318
Total revenues		26,262,413,909	21,552,181,696	26,196,494,956	21,552,132,110
EXPENSES	23				
Cost of goods sold	5	20,096,140,252	16,543,649,473	20,052,660,909	16,543,649,473
Distribution costs		1,852,128,661	1,450,604,779	1,843,472,574	1,450,604,779
Administrative expenses	5	1,615,075,267	1,414,493,890	1,573,344,332	1,396,457,868
Finance costs		261,184,153	184,080,121	261,184,153	184,080,121
Total expenses		23,824,528,333	19,592,828,263	23,730,661,968	19,574,792,241
Share of Profit of Joint Venture		14,306,678	3,539,721	-	-
Profit before Income Tax		2,452,192,254	1,962,893,154	2,465,832,988	1,977,339,869
Income Tax Expense	13	461,527,498	360,801,055	461,976,935	364,398,354
PROFIT FOR THE YEAR		1,990,664,756	1,602,092,099	2,003,856,053	1,612,941,515
OTHER COMPREHENSIVE INCOME	24				
Items that will not be reclassified subsequently to profit or loss					
- Actuarial gain on defined benefit plan		28,665,760	2,635,489	28,665,760	2,635,489
Items that will be reclassified subsequently to profit or loss					
- Currency translation differences of subsidiary		566,145	(2,272,963)	-	-
- Share of other comprehensive profit (loss) of joint venture (currency translation differences)		(160,724)	(123,721)	-	-
		405,421	(2,396,684)	-	-
Other comprehensive income for the year		29,071,181	238,805	28,665,760	2,635,489
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,019,735,937	1,602,330,904	2,032,521,813	1,615,577,004

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2018	2017	2018	2017
Profit (loss) attributable to:					
Equity holders of the parent		2,003,038,845	1,608,567,211	2,003,856,053	1,612,941,515
Non-controlling interests		(12,374,089)	(6,475,112)	-	-
		<u>1,990,664,756</u>	<u>1,602,092,099</u>	<u>2,003,856,053</u>	<u>1,612,941,515</u>
Total comprehensive income attributable to:					
Equity holders of the parent		2,031,855,440	1,609,828,670	2,032,521,813	1,615,577,004
Non-controlling interests		(12,119,503)	(7,497,766)	-	-
		<u>2,019,735,937</u>	<u>1,602,330,904</u>	<u>2,032,521,813</u>	<u>1,615,577,004</u>
Earnings per share attributable to equity holders of the parent (Baht)					
	25	<u>0.5006</u>	<u>0.4020</u>	<u>0.5008</u>	<u>0.4031</u>

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

In Baht

	Note	Consolidated financial statements								
		Issued and paid-up share capital	Share premium	Appropriated for legal reserve	Retained earnings			Other components of shareholders' equity		
					Unappropriated	Currency translation differences	Share of other comprehensive profit (loss) of joint venture	Equity attributable to equity holder of the parent	Non controlling interest	Total shareholder's equity
Balance as at January 1, 2018		3,841,414,033	4,739,295,827	384,182,751	4,386,382,370	(1,250,309)	(209,387)	13,349,815,285	30,284,027	13,380,099,312
Increase in non-controlling interest	8	-	-	-	-	###	-	-	195,773,260	195,773,260
Profit for the year		-	-	-	2,003,038,845	-	-	2,003,038,845	(12,374,089)	1,990,664,756
Other comprehensive income for the year		-	-	-	28,665,760	311,559	(160,724)	28,816,595	254,586	29,071,181
Total comprehensive income for the year		-	-	-	2,031,704,605	311,559	(160,724)	2,031,855,440	(12,119,503)	2,019,735,937
Stock dividends	19	160,055,516	-	-	(160,055,516)	-	-	-	-	-
Dividends	19	-	-	-	(709,242,208)	-	-	(709,242,208)	-	(709,242,208)
Appropriation for legal reserve		-	-	100,000,000	(100,000,000)	-	-	-	-	-
Balance as at December 31, 2018		4,001,469,549	4,739,295,827	484,182,751	5,448,789,251	(938,750)	(370,111)	14,672,428,517	213,937,784	14,886,366,301

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

In Baht

	Consolidated financial statements							
	Retained earnings		Other components of shareholders' equity			Equity attributable to equity holder of the parent	Non controlling interest	Total shareholder's equity
	Issued and paid-up share capital	Share premium	Appropriated for legal reserve	Unappropriated	Currency translation differences	Share of other comprehensive profit (loss) of joint venture	Total	
Note								
Balance as at January 1, 2017	3,658,492,121	4,739,295,827	303,182,751	3,644,787,887	-	(85,666)	(85,666)	12,345,672,920
Increase in non-controlling interest	-	-	-	-	-	-	-	37,781,793
Profit for the year	-	-	-	1,608,567,211	-	-	-	1,608,567,211
Other comprehensive income for the year	-	-	-	2,635,489	(1,250,309)	(123,721)	(1,374,030)	1,261,459
Total comprehensive income for the year	-	-	-	1,611,202,700	(1,250,309)	(123,721)	(1,374,030)	1,609,828,670
Stock dividends	182,921,912	-	-	(182,921,912)	-	-	-	-
Dividends	-	-	-	(605,686,305)	-	-	-	(605,686,305)
Appropriation for legal reserve	-	-	81,000,000	(81,000,000)	-	-	-	-
Balance as at December 31, 2017	3,841,414,033	4,739,295,827	384,182,751	4,386,382,370	(1,250,309)	(209,387)	(1,459,696)	13,349,815,285
							30,284,027	13,380,099,312

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

In Baht

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2018		3,841,414,033	4,739,295,827	384,182,751	4,382,162,349	13,347,054,960
Profit for the year		-	-	-	2,003,856,053	2,003,856,053
Other comprehensive income for the year		-	-	-	28,665,760	28,665,760
Total comprehensive income for the year		-	-	-	2,032,521,813	2,032,521,813
Stock dividends	19	160,055,516	-	-	(160,055,516)	-
Dividends	19	-	-	-	(709,242,208)	(709,242,208)
Appropriation for legal reserve		-	-	100,000,000	(100,000,000)	-
Balance as at December 31, 2018		4,001,469,549	4,739,295,827	484,182,751	5,445,386,438	14,670,334,565

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

In Baht

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2017		3,658,492,121	4,739,295,827	303,182,751	3,636,193,562	12,337,164,261
Profit for the year		-	-	-	1,612,941,515	1,612,941,515
Other comprehensive income for the year		-	-	-	2,635,489	2,635,489
Total comprehensive income for the year		-	-	-	1,615,577,004	1,615,577,004
Stock dividends	19	182,921,912	-	-	(182,921,912)	-
Dividends	19	-	-	-	(605,686,305)	(605,686,305)
Appropriation for legal reserve		-	-	81,000,000	(81,000,000)	-
Balance as at December 31, 2017		<u>3,841,414,033</u>	<u>4,739,295,827</u>	<u>384,182,751</u>	<u>4,382,162,349</u>	<u>13,347,054,960</u>

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit for the year	1,990,664,756	1,602,092,099	2,003,856,053	1,612,941,515
Adjustments for				
Depreciation and amortization	810,799,931	751,781,180	807,284,455	751,781,180
Decrease of merchandises				
to net realizable value	18,360,186	21,768,459	18,360,186	21,768,459
Provisions for employee benefits	35,699,325	18,617,224	35,699,325	18,617,224
Interest income	(1,874,978)	(2,096,723)	(1,735,614)	(2,047,144)
Interest expense	257,052,961	181,045,991	257,052,961	181,045,991
Increase (decrease) in allowance for				
doubtful accounts	2,493,671	(50,304)	2,493,671	(50,304)
Unrealized loss (gain) on exchange rate	(4,738,707)	5,721,199	(4,738,707)	5,721,199
Gain on sale of fixed assets	(2,542,715)	(2,332,559)	(2,542,715)	(2,332,559)
Loss on write off fixed assets	10,192,203	555,982	10,192,203	555,982
Share of profit of joint venture	(14,306,678)	(3,539,721)	-	-
Income tax expense	461,527,498	360,801,055	461,976,935	364,398,354
	<u>3,563,327,453</u>	<u>2,934,363,882</u>	<u>3,587,898,753</u>	<u>2,952,399,897</u>
Changes in operating assets and liabilities				
Trade and other accounts receivable	(48,618,350)	(238,484,601)	(645,170)	(232,038,634)
Merchandises	(712,501,329)	(2,375,717,482)	(473,261,376)	(2,375,717,482)
Other non-current assets	(1,101,128)	(1,750,697)	(940,501)	(1,750,697)
Trade and other accounts payable	(133,971,972)	224,526,316	(338,926,128)	205,353,586
Payment of post-employment benefits	(1,425,266)	(1,238,380)	(1,425,266)	(1,238,380)
Income tax paid	(412,910,724)	(401,733,410)	(412,903,275)	(401,731,465)
Net cash provided by operating activities	<u>2,252,798,684</u>	<u>139,965,628</u>	<u>2,359,797,037</u>	<u>145,276,825</u>

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Interest received from banks and proceeds from				
penalty income on delay payment	1,874,978	2,096,723	1,735,614	2,047,144
Increase in short-term loans to joint venture	(6,500,000)	-	(6,500,000)	-
Proceeds from sale of fixed assets	4,181,678	4,968,502	4,181,678	4,968,502
Proceeds from insurance claim	377,389	6,917,509	377,389	6,917,509
Increase in property, plant and equipment	(2,200,036,448)	(2,756,992,287)	(1,931,779,265)	(2,699,287,762)
Increase in computer software	(6,574,356)	(2,923,939)	(5,627,500)	(2,923,939)
Increase in leasehold rights	(81,697,760)	(28,612,800)	(81,697,761)	(21,751,871)
Increase in investment in subsidiary	-	-	(241,328,450)	(46,436,500)
Increase in investment in joint venture	(164,500,000)	(218,850,000)	(164,500,000)	(218,850,000)
Increase in investment in subsidiary of non-controlling interest	195,773,260	37,781,793	-	-
Net cash used in investing activities	(2,257,101,259)	(2,955,614,499)	(2,425,138,295)	(2,975,316,917)
Cash flows from financing activities				
Interest paid	(262,647,355)	(211,893,419)	(262,647,355)	(211,893,419)
Increase in short-term loans from				
financial institutions	2,009,481,782	3,211,749,724	2,009,481,782	3,211,749,724
Increase in short-term loans				
from joint venture	-	460,000,000	-	460,000,000
Issuances of debentures	500,000,000	-	500,000,000	-
Repayment of debentures	-	(3,000,000,000)	-	(3,000,000,000)
Increase in long-term loans	1,277,000,000	4,000,000,000	1,277,000,000	4,000,000,000
Repayment of long-term loans	(2,036,666,667)	(858,333,333)	(2,036,666,667)	(858,333,333)
Repayment of short-term loans				
from joint venture	(460,000,000)	-	(460,000,000)	-
Dividends paid	(709,242,208)	(605,686,305)	(709,242,208)	(605,686,305)
Net cash provided by financing activities	317,925,552	2,995,836,667	317,925,552	2,995,836,667

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Currency translation difference	1,000,844	(2,210,132)	-	-
Net increase in cash and cash equivalents	314,623,821	177,977,664	252,584,294	165,796,575
Cash and cash equivalents at beginning of year	346,972,429	168,994,765	334,791,340	168,994,765
Cash and cash equivalents at end of year	661,596,250	346,972,429	587,375,634	334,791,340
Supplementary disclosures of cash flow information:				
a. Cash and cash equivalent at end of year				
Cash in hand	228,213,304	152,524,844	222,620,751	152,524,844
Current accounts at banks	393,400,851	34,215,838	338,951,134	22,034,749
Saving deposits at banks	39,982,095	160,231,747	25,803,749	160,231,747
	<u>661,596,250</u>	<u>346,972,429</u>	<u>587,375,634</u>	<u>334,791,340</u>
b. Non-cash transaction				
Purchases of property, plant and equipment for which no cash has been paid	504,158,163	429,459,512	500,322,082	429,459,512
Stock dividends	160,055,516	182,921,912	160,055,516	182,921,912

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements****December 31, 2018 and 2017****1. GENERAL**

Siam Global House Public Company Limited, “the Company”, is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on August 19, 2009.

The Company is engaged in merchandising of construction and decoration materials and equipment.

The registered office is 232 Moo 19, Tambol Robmuang, Amphur Muang Roi-Et, Roi-Et.

As at December 31, 2018, the Company has a total of 61 branches operating in other provinces, head office is established in Amphur Muang Roi-Et, Roi-Et and The Distribution Center (DC Wang-noi) 1 branch, is established in Amphur Wang-noi, Phra Nakhon Si Ayutthaya. The total of value added tax registration operating branch is 62 branches. (December 31, 2017: 56 branches).

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Group disclosed information for the year ended December 31, 2017 for being the comparative information in the financial statements for the year ended December 31, 2018 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

Revision of accounting standards, financial reporting standards, and interpretations

The Federal of Accounting Professions (FAP) issued several Notifications regarding the revision of Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC) with the effective for the accounting period beginning on or after January 1, 2018. Adoption of the revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Group.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

FAP issued several Notifications regarding the revision of TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2019 and January 1, 2020 (*) whereby the Group has not yet adopted in the preparation of the accompanying financial statements and has no policy to early adopt before the effective period, which are as follows :

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 2 (revised 2018)	Inventories
TAS 7 (revised 2018)	Statement of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events after the Reporting Period
TAS 12 (revised 2018)	Income Taxes
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2018)	Separate Financial Statements
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 32 *	Financial Instruments: Presentation
TAS 33 (revised 2018)	Earnings per Share
TAS 34 (revised 2018)	Interim Financial Reporting
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible Assets
TAS 40 (revised 2018)	Investment Property
TAS 41 (revised 2018)	Agriculture
TFRS 1	First-time Adoption of Financial Reporting Standards
TFRS 2 (revised 2018)	Share-based Payment

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

TFRS 3 (revised 2018)	Business Combinations
TFRS 5 (revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
TFRS 7 *	Financial Instruments: Disclosures
TFRS 8 (revised 2018)	Operating Segments
TFRS 9 *	Financial Instruments
TFRS 10 (revised 2018)	Consolidated Financial Statements
TFRS 11 (revised 2018)	Joint Arrangements
TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2018)	Operating Leases – Incentives
TSIC 25 (revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2018)	Service Concession Arrangements: Disclosures
TSIC 32 (revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2018)	Applying the Restatement Approach under TAS 29 (revised 2018) “Financial Reporting in Hyperinflationary Economies”
TFRIC 10 (revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2018)	Service Concession Arrangements
TFRIC 14 (revised 2018)	TAS 19 (revised 2018) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16 *	Hedges of a Net Investment in a Foreign Operation

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

TFRIC 17 (revised 2018)	Distributions of Non-cash Assets to Owners
TFRIC 19 *	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20 (revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2018)	Levies

Management of the Group has preliminarily assessed and believed that there will be no material effect to the financial statements of the Group upon adoption of the revised TAS and TFRS as well as TSIC and TFRIC with the effective for the accounting period starting in 2019. New TFRS (Financial Instruments), with effective from the accounting period starting in 2020 whereby Management of the Group is during the assessment and consideration of the impacts from adoption of the aforesaid new TAS, TFRS and TFRIC.

3. CHANGE IN ACCOUNTING ESTIMATES

The Company reviewed and changed the estimated useful lives of buildings from 20 years to 30 years for more appropriateness and relevance to the actual useful lives of the assets together with the consideration of related existing leasehold rights. Such change was adopted prospectively from January 1, 2018. The effect of such change in the estimated useful lives of such assets for the year ended December 31, 2018 was a decrease in depreciation of approximately Baht 97.9 million. The aforesaid change was approved by the Board of Directors' meeting on December 11, 2017.

4. SIGNIFICANT ACCOUNTING POLICIES**Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group") and interests in joint venture. Significant intra-group transactions between the Company and its subsidiary and joint venture are eliminated on consolidation.

Subsidiary

Subsidiary is the entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies as well as variable returns from a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiary are transformed as deemed necessary to uniform for the similar policies.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017**

Accounting for acquisitions of non-controlling interests

Changes in a parent's ownership interest in subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of subsidiary, any gain or loss is recognized in the profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

Foreign Currencies**Foreign Currency Transactions**

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entity

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period (the closing rate).

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Differences arising on foreign currency translation or conversion are recognized as other comprehensive income or loss and separately presented as other component of equity until the subject foreign currency investment is disposed.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Cash at banks which have restrictions in use are presented separately as "Deposits at financial institutions under pledged" under non-current assets in the statement of financial position.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017****Trade Accounts Receivable and Allowance for Doubtful Accounts**

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Merchandises

Merchandises are valued at the lower of cost (moving average method) and net realizable value. Net realizable value is the selling price in the ordinary course of business, less marketing, distribution and other expenses which are necessary for sale of goods.

An allowance for loss is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Investment in joint venture and subsidiary

Investment in joint venture and subsidiary in the separate financial statements is accounted for using the cost method net of impairment losses (if any). Dividend income is recognized when it was declared.

Property, Plant and Equipment**Owned assets**

Land and land not use in operation are stated at cost, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of comprehensive income.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Depreciation

Depreciation is charged to the statements of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	10	years
Buildings (see Note 3)	30	years
Building improvements	5	years
Furniture, fixtures and office equipment	5, 10, 17 and 20	years
Computer equipment	3	years
Transportation	5	years

No depreciation is provided on land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Computer software

Computer software is stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful life of 5 years.

Leasehold rights

Leasehold rights are stated at cost less accumulated amortization and impairment losses.

Amortization

Amortization is recognized in profit or loss on a straight-line basis over the term of the leases.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017****Impairment of Assets**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

Employee benefits**Short-term benefits**

Salaries, wages, bonuses and contributions to social securities fund are recognized as expense upon their occurrences and on accrual basis.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the statements of comprehensive income.

Post-employment benefits

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

The Group's obligations in respect of post-employment benefits are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by an independent actuary using the projected unit credit method. Expenses from the estimated liability for post-employment benefits are recognized in the statements of comprehensive income and comprise of current service cost and interest cost. Actuarial gain or loss is recognized in other comprehensive income.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017****Provisions**

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

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Revenue Recognition

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

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest and other income are recognized on an accrual basis.

Expenses**Operating leases**

Payments made under operating leases are recognized in the statements of comprehensive income on a straight-line basis over the term of the lease. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Finance costs

Interest expense and similar costs are charged to the statements of comprehensive income in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017****Use of Estimates**

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

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

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in the statements of comprehensive income.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the statement of reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Income Tax

Income tax expense for the year comprises current and deferred tax.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly, or have significant influence over the financial or operating policies of the company.

The related parties consisted of :

Company and party	Relationships	Percentage of Holding	
		2018	2017
The Siam Cement Public Company Limited	Parent company of SCG Distribution Co., Ltd.	-	-
SCG Distribution Co., Ltd.	Major shareholder	30	30
SCG Sourcing Co., Ltd., SCG Logistics Management Co., Ltd., SCG Trading Co., Ltd., SCG Trading Guangzhou Co., Ltd., and SCG Cement-Building Materials Company Limited	Subsidiaries of SCG Distribution Co., Ltd.	-	-
Thai-German Ceramic Industry Public Company Limited, Tip Fibre-Cement Co., Ltd., Siam Fiberglass Co., Ltd.,	Subsidiaries of The Siam Cement Public Company Limited	-	-

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Sосуco and Group (2008) Co., Ltd.,

The Nawaplastic Industries

(Saraburi) Co., Ltd.,

Siam Kraft Industry Co., Ltd.,

Thai Paper Co., Ltd.,

Phoenix Pulp & Paper Public

Company Limited,

Thai Ceramic Co., Ltd.,

Siam Sanitary Ware Industry Co., Ltd.

Thai Containers Group Co., Ltd.,

Nawa Plastic Industries Co., Ltd.,

The Concrete Products and

Aggregate Co., Ltd.,

Siam Kubota Corporation Co. Ltd.,

Siam Kubota Leasing Co., Ltd.,

The Siam Forestry Co., Ltd.

SCG Cement Co., Ltd., SCGP

Excellence Training Center Co., Ltd.

and SCG Landscape Co., Ltd.

Global House (Cambodia) Co., Ltd.	Subsidiary	55	55
Global Concrete Co., Ltd.	Co-shareholders and director	-	-

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Company and party	Relationships	Percentage of Holding	
		2018	2017
Siam Global Engineering Co., Ltd.	Co-shareholders and director	-	-
Siam Global Asset Co., Ltd.	Co-shareholders and director	-	-
Wiboon Panich Roi-Et Partnership Ltd.	Co-shareholders and director	-	-
Inter Concrete Industry Co., Ltd.	Co-shareholders and director	-	-
Global House International Co., Ltd. (GBI)	Joint venture	-	-
Global House Franchise (Myanmar) Co., Ltd. (Incorporated in Republic of the Union of Myanmar)	Subsidiary of Global House International Co., Ltd.	-	-
Souvanny Home Center Public Company Limited (Incorporated in Lao People's Democratic Republic)	Associate of Global House International Co., Ltd.	-	-
Pro 1 Global Co., Ltd. (Incorporated in Republic of the Union of Myanmar)	Associate of Global House International Co., Ltd.	-	-
Lok Chum Teav Kim Heang, Cambodian	A shareholder of subsidiary	-	-
Petch Nam Nueng Non-juristic body of persons (by Khun Warunee Suriyawanakul)*	-	-	-
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company.	-	-

* Represents the Company's shareholder and director

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

The pricing policies for particular types of transactions are explained further below :

Type of Transactions	Pricing Policies
Revenue from sales of goods	Market price (wholesale price)
Sale promotion income	Vary on purchase volume
Other income	Agreed price
Purchase of merchandises	Market prices
Management fee expense	Agreed price
Rental expense	Negotiated agreement
Interest expense	Referenced to commercial banks rate
Purchase of fixed assets	Market price

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Significant transactions for the years ended December 31, 2018 and 2017 with related parties were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Joint Venture				
Other income	120	100	120	100
Interest income	58	-	58	-
Interest expense	3,985	1,286	3,985	1,286
Related parties				
Revenue from sales of goods	103,729	173,187	103,729	173,187
Sale promotion income	89,257	72,119	89,257	72,119
Other income	12,477	9,195	12,477	9,195
Distribution management income	4,974	-	4,974	-
Purchase of merchandises	1,718,213	1,715,439	1,707,004	1,715,439
Management fee expense	8,844	8,844	8,844	8,844
Rental expense	22,749	17,465	-	-
Purchase of fixed assets	486,148	952,907	486,148	952,907
Other expense	1,454	773	1,454	773

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Remuneration of key management				
Short-term benefit				
Salary, bonus and others				
- employment management	41,672	34,954	41,672	34,954
- non - employment management	7,706	7,094	7,706	7,094
Meeting remuneration	1,995	2,395	1,995	2,395
Total short - term benefits	51,373	44,443	51,373	44,443
Post - employment benefits	1,994	1,460	1,994	1,460
Total	53,367	45,903	53,367	45,903

Balances as at December 31, 2018 and 2017 with related parties were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Trade and other accounts receivable				
Trade accounts receivable				
Related parties	13,152	926	13,152	926
Other accounts receivable				
Subsidiary	-	-	-	15
Joint venture	120	100	120	100
Related parties	32,047	18,258	32,047	18,258
	32,167	18,358	32,167	18,373
Total	45,319	19,284	45,319	19,299

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

The trade accounts receivable are aged as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Current	1,290	778	1,290	778
Overdue:				
• Not over 3 months	11,854	117	11,854	117
• Over 3 months to 6 months	1	31	1	31
• Over 6 months to 12 months	7	-	7	-
Total	13,152	926	13,152	926
Short-term loans to Joint Venture	6,500	-	6,500	-

Movements of short-term loans to joint venture for the years ended December 31, 2018 and 2017 were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Balance as at January 1,	-	-	-	-
Increase	6,500	-	6,500	-
Decrease	-	-	-	-
Balance as at December 31,	6,500	-	6,500	-

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Trade and other accounts payable				
Trade accounts payable				
Related parties	79,817	42,028	70,177	42,028
Other accounts payable				
Related parties	169,092	174,862	169,092	174,862
Total	248,909	216,890	239,269	216,890
Accrued rental expenses				
Related party	41,895	17,168	-	-

Movements during the years ended December 31, 2018 and 2017 of short-term loans from joint venture were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Balance as at January 1,	460,000	-	460,000	-
Increase	-	460,000	-	460,000
Decrease	(460,000)	-	(460,000)	-
Balance as at December 31,	-	460,000	-	460,000

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Agreement with related party

The subsidiary had entered into a land rental agreement with a related party (Lok Chum Teav Kim Heang, Cambodian) for a period of 30 years expiring in March 2047 for its new branch. The subsidiary is committed to pay a monthly rental as stipulated in agreement (totaling U.S.Dollar 21.1 million). The subsidiary must comply with conditions indicated in the agreement.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE - OTHERS

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Trade accounts receivable	165,807	35,797	164,617	35,797
Less allowance for doubtful account	(4,611)	(1,943)	(4,611)	(1,943)
Net	161,196	33,854	160,006	33,854
Other accounts receivable				
• Value added tax receivables	443,092	585,716	390,011	579,257
• Deposits for purchase of Merchandises	258,039	290,390	258,039	290,390
• Accrued sale promotion income	293,760	286,102	293,760	286,102
• Input value added tax	91,264	86,379	91,264	86,379
• Others	128,826	74,023	128,678	74,022
	1,214,981	1,322,610	1,161,752	1,316,150
Total	1,376,177	1,356,464	1,321,758	1,350,004

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

As at December 31, 2018 and 2017, the Group had outstanding balance of trade accounts receivable - others, aged as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Current	64,660	24,439	63,470	24,439
Overdue:				
• Not over 3 months	77,455	5,826	77,455	5,826
• Over 3 months to 6 months	18,938	2,860	18,938	2,860
• Over 6 months to 12 months	766	2,285	766	2,285
• Over 12 months	3,988	387	3,988	387
Total	165,807	35,797	164,617	35,797
Less allowance for doubtful accounts	(4,611)	(1,943)	(4,611)	(1,943)
Net	161,196	33,854	160,006	33,854

7. MERCHANDISES

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Merchandises	13,113,684	12,390,888	12,874,444	12,390,888
Less reduce cost to net realizable value	(18,360)	(21,768)	(18,360)	(21,768)
Net	13,095,324	12,369,120	12,856,084	12,369,120
Goods in-transit	202,430	234,493	202,430	234,493
Total	13,297,754	12,603,613	13,058,514	12,603,613

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

During the years ended December 31, 2018 and 2017, the Company recorded the reduce cost of merchandises to net realizable value to Baht 18.3 million and Baht 21.8 million, respectively, presented as a part of cost of goods sold.

8. Investment in SUBSIDIARY

As at December 31, 2018, the detail of investment in subsidiary in the separate financial statements was as follows :

	Ownership interest (%)	In Thousand Baht		
		Paid-up capital	Cost Method	Dividend income
Global House (Cambodia) Co., Ltd.				
At December 31, 2018	55	521,320*	287,765	-
At December 31, 2017	55	84,114*	46,437	-

* Paid-up capital amounted to U.S.Dollars 16.0 million and U.S.Dollars 2.5 million at December 31, 2018 and 2017, respectively.

9. INVESTMENT IN JOINT VENTURE

	Ownership interest (%)	In Thousand Baht		
		Paid-up capital	Equity Method	Cost method
Global House International Co., Ltd. (GBI)				
At December 31, 2018	50	1,519,000	785,571	759,500
At December 31, 2017	50	1,190,000	606,925	595,000

Significant consolidated financial information of GBI and its subsidiary (Global House Franchise (Myanmar) Co., Ltd.) and associate company (Souvanny Home Center Plc.) were as follows :

	In Thousand Baht	
	2018	2017
<u>The consolidated Statements of financial position as at December 31,</u>		
Current assets	2,524	466,334
Non-current assets (Investment in associate)	1,575,733	747,798
Current liabilities	7,100	267
<u>The consolidated Statements of Comprehensive income for the year ended</u>		
<u>December 31,</u>		
Share of profit of associate	25,781	6,117
Other income	4,022	1,611
Profit for the year	28,613	7,079

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

10. PROPERTY, PLANT AND EQUIPMENT

Cost	In Thousand Baht					
	Consolidated financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development Total
Balance as at January 1, 2017	5,325,202	4,667,124	1,564,041	278,375	890,499	76,058
Additions	524,248	47,185	213,052	52,679	2,054,790	-
Transfers – net	239,364	1,596,924	621,986	-	(2,401,130)	(57,369)
Disposals	(1,695)	(20,910)	(19,632)	(10,968)	-	-
Balance as at December 31, 2017	6,087,119	6,290,323	2,379,447	320,086	544,159	18,689
Additions	217,074	5,397	116,192	70,124	1,870,573	-
Transfers – net	161,332	1,431,507	268,222	-	(1,865,789)	-
Disposals	(5,485)	(31,616)	(16,579)	(10,909)	-	-
Currency translation differences	-	-	-	-	(408)	-
Balance as at December 31, 2018	6,460,040	7,695,611	2,747,282	379,301	548,535	18,689
						17,849,458

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht					
	Consolidated financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development
						Total
Accumulated depreciation						
Balance as at January 1, 2017	235,540	1,185,102	844,775	179,699	-	8,994
Depreciation charge for the year	77,267	371,518	253,199	41,003	-	904
Disposals	(1,067)	(19,495)	(19,228)	(10,217)	-	-
Balance as at December 31, 2017	311,740	1,537,125	1,078,746	210,485	-	9,898
Depreciation charge for the year	93,266	354,346	306,486	41,138	-	467
Transfers – net	-	-	(63)	-	-	-
Disposals	(4,058)	(21,833)	(16,321)	(10,546)	-	-
Balance as at December 31, 2018	400,948	1,869,638	1,368,848	241,077	-	10,365
						3,890,876
Net book value						
At December 31, 2017	5,775,379	4,753,198	1,300,701	109,601	544,159	8,791
At December 31, 2018	6,059,092	5,825,973	1,378,434	138,224	548,535	8,324
						12,491,829
						13,958,582

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht					
	Separate financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development
Cost						Total
Balance as at January 1, 2017	5,325,202	4,667,124	1,564,041	278,375	890,499	76,058
Additions	524,248	47,185	213,052	52,679	1,997,085	-
Transfers – net	239,364	1,596,924	621,986	-	(2,401,130)	(57,369)
Disposals	(1,695)	(20,910)	(19,632)	(10,968)	-	-
Balance as at December 31, 2017	6,087,119	6,290,323	2,379,447	320,086	486,454	18,689
Additions	217,074	5,397	107,379	66,776	1,610,681	-
Transfers – net	144,082	1,193,645	229,824	-	(1,572,279)	-
Disposals	(5,485)	(31,616)	(16,579)	(10,909)	-	-
Balance as at December 31, 2018	6,442,790	7,457,749	2,700,071	375,953	524,856	18,689
						17,520,108

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht					
	Separate financial statements					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Construction in progress and advance for purchase of land	Assets for development Total
Accumulated depreciation						
Balance as at January 1, 2017	235,540	1,185,102	844,775	179,699	-	8,994 2,454,110
Depreciation charge for the year	77,267	371,518	253,199	41,003	-	904 743,891
Disposals	(1,067)	(19,495)	(19,228)	(10,217)	-	- (50,007)
Balance as at December 31, 2017	311,740	1,537,125	1,078,746	210,485	-	9,898 3,147,994
Depreciation charge for the year	93,049	352,297	305,408	41,022	-	467 792,243
Transfers – net	-	-	(63)	-	-	- (63)
Disposals	(4,058)	(21,833)	(16,321)	(10,546)	-	- (52,758)
Balance as at December 31, 2018	400,731	1,867,589	1,367,770	240,961	-	10,365 3,887,416
Net book value						
At December 31, 2017	5,775,379	4,753,198	1,300,701	109,601	486,454	8,791 12,434,124
At December 31, 2018	6,042,059	5,590,160	1,332,301	134,992	524,856	8,324 13,632,692

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017**

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2018 and 2017 amounted to Baht 1,391.0 million and Baht 1,008.5 million, respectively.

11. LAND NOT USE IN OPERATION

In 2018, the management has considered and review the investment plan for the construction building of new office to increase number of stores, and survey all assets of the Company and found that the Company has a plot of land on the road under the Udon Ratthaya Expressway, Bang Phut Subdistrict, Pak Kret District Nonthaburi with area of approximately 143 rai acquired in 2009 at a price of Baht 500.4 million to support the branch expansion plan at that time. Currently, the land is not used for the purposes as well, therefore, the Company has decided to transferred such land at aforesaid carrying amount, from property, plant and equipment to “Land not use in operation” which is separately presented in the statements of financial position as of 31 December 2018 and 2017. The latest value of such land, appraised in 2014 by an independent appraiser using the Market Approach method, amounting to approximately Baht 1,349.7 million.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

12. INTANGIBLE ASSETS

	In Thousand Baht		
	Consolidated financial statement		
	Computer software	Computer Software Under Installation	Total
Cost			
Balance as at January 1, 2017	22,207	1,695	23,902
Additions	2,702	221	2,923
Transfers – net	1,346	(1,346)	-
Balance as at December 31, 2017	26,255	570	26,825
Additions	5,245	1,330	6,575
Transfers – net	1,900	(1,900)	-
Balance as at December 31, 2018	33,400	-	33,400
Accumulated amortization			
Balance as at January 1, 2017	18,890	-	18,890
Amortization charge for the year	1,905	-	1,905
Balance as at December 31, 2017	20,795	-	20,795
Amortization charge for the year	2,918	-	2,918
Balance as at December 31, 2018	23,713	-	23,713
Net book value			
At December 31, 2017	5,460	570	6,030
At December 31, 2018	9,687	-	9,687

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht		
	Separate financial statements		
	Computer software	Computer Software Under Installation	Total
Cost			
Balance as at January 1, 2017	22,207	1,695	23,902
Additions	2,702	221	2,923
Transfers – net	1,346	(1,346)	-
Balance as at December 31, 2017	26,255	570	26,825
Additions	4,298	1,330	5,628
Transfers – net	1,900	(1,900)	-
Balance as at December 31, 2018	32,453	-	32,453
Accumulated amortization			
Balance as at January 1, 2017	18,890	-	18,890
Amortization charge for the year	1,905	-	1,905
Balance as at December 31, 2017	20,795	-	20,795
Amortization charge for the year	2,902	-	2,902
Balance as at December 31, 2018	23,697	-	23,697
Net book value			
At December 31, 2017	5,460	570	6,030
At December 31, 2018	8,756	-	8,756

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

13. INCOME TAX

Details of deferred tax assets and deferred tax liabilities as at December 31, 2018 and 2017 were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Deferred tax assets				
Employee benefits	15,900	16,212	15,900	16,212
Leasehold rights	15,016	8,338	6,637	4,802
Other	1,680	1,305	961	1,305
Total	32,596	25,855	23,498	22,319
Deferred tax liabilities				
Taxable depreciation over book depreciation	6,014	720	931	720
Total	6,014	720	931	720

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Income tax expense

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Income tax expense	470,111	369,433	470,111	369,433
Movement in temporary difference	(8,584)	(8,632)	(8,134)	(5,035)
Net	461,527	360,801	461,977	364,398
Reconciliation of income tax expense				
Profit before income tax	2,452,192	1,962,893	2,465,833	1,977,340
Income tax using the corporate tax rate	490,438	392,579	493,167	395,468
Additional deductible expenses for tax purposes	(31,912)	(31,997)	(31,912)	(31,997)
Share of profit of joint venture	(2,861)	(708)	-	-
Others	14,446	9,559	8,856	5,962
Income tax on taxable profit	470,111	369,433	470,111	369,433
Increase in deferred tax assets	(6,741)	(7,535)	(1,179)	(3,999)
Increase (Decrease) in deferred tax Liabilities	5,294	(377)	211	(377)
Income tax attributable to other comprehensive income	(7,166)	(659)	(7,166)	(659)
Currency translation differences	29	(61)	-	-
Income tax presented in statement of comprehensive income	461,527	360,801	461,977	364,398

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

14. LEASEHOLD RIGHTS AND ACCRUED RENTAL EXPENSES

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Leasehold rights				
Leasehold rights paid to landlords	230,399	166,619	230,399	166,619
Land improvement paid to third party	125,262	107,392	118,449	100,531
Total	355,661	274,011	348,848	267,150
Less accumulated amortization	(26,522)	(14,382)	(26,522)	(14,382)
Net	329,139	259,629	322,326	252,768
Accrued rental expenses				
Rental expenses up to December 31,	137,118	77,560	95,223	60,392
Rental paid up to December 31,	(70,933)	(48,379)	(70,933)	(48,379)
Net	66,185	29,181	24,290	12,013
Shown under				
Current liabilities	10,071	3,450	6,485	3,450
Non-current liabilities	56,114	25,731	17,805	8,563
Total	66,185	29,181	24,290	12,013
Non-cancellable operating lease				
Commitments				
Within 1 year	30,777	11,034	11,573	11,034
After 1 year but within 5 years	170,613	172,790	93,800	86,513
Over 5 years	1,343,308	1,233,121	755,201	704,663
Total	1,544,698	1,416,945	860,574	802,210

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

15. CREDIT FACILITIES

As at December 31, 2018, the Group has agreement with various local financial institutions for the credit facilities which are unsecured as follows :

	In Thousand	
	U.S. Dollars	Baht
Multi-type working capital (Short-term loan, letter of credit Trust receipts and letter of guarantee)	-	3,150,000
Short-term loan	-	10,690,000
Long-term loan	-	3,605,000
Bank overdraft	-	120,000
Letter of credit and trust receipts	10,000	4,920,000
Forward contract	53,340	4,110,000
Letter of guarantee	-	22,900
Total	63,340	26,617,900

Short-term loans from financial institutions

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Trust receipts	690,438	980,794	690,438	980,794
Short-term loans from financial Institutions	9,350,000	7,050,163	9,350,000	7,050,163
Total	10,040,438	8,030,957	10,040,438	8,030,957

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest ranging from 1.80% to 2.12% per annum in 2018 and 1.75% to 1.88% per annum in 2017.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Long-term loans

As at December 31, 2018 and 2017, the periods to maturity of the long-term loans from various financial institutions were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Within one year	1,328,333	2,036,667	1,328,333	2,036,667
After one year but within five years	1,053,667	1,105,000	1,053,667	1,105,000
Total	2,382,000	3,141,667	2,382,000	3,141,667

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Details of long-term loans are as follows :

	In Thousand Baht			
	Consolidated		Separate financial statements	
	financial statements			
	2018	2017	2018	2017
Loan from the first bank				
• Credit line of Baht 3,000 million repayable in quarterly installment of Baht 212.5 million (interest at the rate of 2.25% per annum), ending April 2019	425,000	1,275,000	425,000	1,275,000
repayable in quarterly installment of Baht 216.7 million (interest at the rate of 2.15% per annum), ending December 2018	-	866,667	-	866,667
• Credit line of Baht 1,000 million repayable in quarterly installment of Baht 166.7 million (interest at the rate of 2.59% per annum), ending October 2021	1,000,000	-	1,000,000	-
Loan from the second bank				
• Credit line of Baht 1,000 million repayable in semi-annual Installment of Baht 160 million and last installment of Baht 200 million (interest at the rate of 2.25% per annum), ending October 2020	680,000	1,000,000	680,000	1,000,000
Loan from the third bank				
• Credit line of Baht 500 million First withdraw Baht 277 million repayable in semi-annual Installment of Baht 125 million and last installment of Baht 27 million (interest at the rate of 2.25% per annum), ending May 2020	277,000	-	277,000	-
Total long-term loans	2,382,000	3,141,667	2,382,000	3,141,667
Less current portion	(1,328,333)	(2,036,667)	(1,328,333)	(2,036,667)
Net	1,053,667	1,105,000	1,053,667	1,105,000

Loan from certain banks contain certain restrictions on maintenance of financial ratio.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

16. TRADE AND OTHER ACCOUNTS PAYABLE - OTHERS

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Trade accounts payable	1,795,093	2,091,492	1,660,213	2,091,283
Other accounts payable				
Construction payable	346,103	267,884	341,883	267,884
Retention	214,797	189,058	214,797	189,058
Accrued bonus	124,467	99,921	124,467	99,921
Accrued expenses	70,090	57,584	50,343	57,427
Accrued interest expense	8,743	11,342	8,743	11,342
Others	59,479	35,904	41,898	34,265
	823,679	661,693	782,131	659,897
Total	2,618,772	2,753,185	2,442,344	2,751,180

17. DEBENTURES

On June 20, 2018, the Company issued a series of debentures to specific investors amounting to Baht 500 million (divided into 500,000 units at Baht 1,000 per unit) and bears interest at 2.44% p.a. with maturity on July 12, 2021. Interest is payable quarterly.

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

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

18. PROVISIONS FOR EMPLOYEE BENEFITS

	In Thousand Baht		
	Consolidated financial statements/ Separate financial statements		
	Post- employment benefits	Other long-term benefits	Total
At January 1, 2018	81,058	-	81,058
Current service cost	21,356	2,309	23,665
Interest cost	2,837	251	3,088
Past service cost	-	8,946	8,946
Expense recognized in profit or loss	24,193	11,506	35,699
Transaction recognized in other comprehensive income			
- Actuarial gain	(35,832)	-	(35,832)
Employee benefits paid during the year	(1,425)	-	(1,425)
At December 31, 2018	67,994	11,506	79,500

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht		
	Consolidated financial statements/ Separate financial statements		
	Post- employment benefits	Other long-term benefits	Total
At January 1, 2017	66,974	-	66,974
Current service cost	16,273	-	16,273
Interest cost	2,344	-	2,344
Expense recognized in profit or loss	18,617	-	18,617
Transaction recognized in other comprehensive income			
- Actuarial gain	(3,295)	-	(3,295)
Employee benefits paid during the year	(1,238)	-	(1,238)
At December 31, 2017	81,058	-	81,058

Actuarial gain recognized in other comprehensive income arising from :

	In Thousand Baht	
	2018	2017
Change in financial assumptions	(4,514)	2,726
Change in demographic assumptions	(30,854)	-
Experience adjustments	(464)	(6,021)
Total	(35,832)	(3,295)

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

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

- Discount rate 2.80-3.13% per annum in 2018 and 3.5% per annum in 2017
- Salary increase rate 6.0% per annum in 2018 and 6.8% per annum in 2017
- Employee turnover rate 5.73-34.38% per annum in 2018 and 5.00% per annum in 2017
- Mortality rates Based on Thai Mortality Table

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Thousand Baht	
	Increase	Decrease
Defined benefit obligation at December 31, 2018		
Discount rate (0.5% change)	(3,305)	3,640
Salary increase rate (0.5% change)	6,076	(5,235)
Employee turnover rate (20% change)	(10,904)	15,154

During 2018, the National Legislative Assembly agreed and approved to edit some provisions of the Labour Protection Act 1998 (B.E. 2541) which include the increase in compensations to be paid to the employees whose working period have reached 20 years or above from the rate previously equivalent to basic wage of 300 days to the new rate 400 days. Such matter may trigger the increase in balance of the estimated liability for post-employment benefit as at the end of 2018 of approximately Baht 11.2 million.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

19. SHARE CAPITAL AND DIVIDENDS

Share capital

	In Baht	In Thousand Shares / In Thousand Baht			
	Par	2018		2017	
	Value	Number	Amount	Number	Amount
Authorized					
At January 1,					
• ordinary shares	1	3,841,417	3,841,417	3,658,495	3,658,495
Capital decrease	1	(3)	(3)	(3)	(3)
Capital increase	1	160,059	160,059	182,925	182,925
At December 31,					
• ordinary shares	1	4,001,473	4,001,473	3,841,417	3,841,417
Issued and fully paid - up					
At January 1,					
• ordinary shares		3,841,414	3,841,414	3,658,492	3,658,492
Stock dividend		160,056	160,056	182,922	182,922
At December 31,					
• ordinary shares		4,001,470	4,001,470	3,841,414	3,841,414

At the annual general meeting of the shareholders of the Company held on April 30, 2018, the shareholders passed the following resolutions:

- Decrease authorized share capital from Baht 3,841,416,727 (3,841,416,727 ordinary shares at Baht 1 par value) to Baht 3,841,414,033 (3,841,414,033 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on May 10, 2018 ;
- Increase authorized share capital from Baht 3,841,414,033 (3,841,414,033 ordinary shares at Baht 1 par value) to Baht 4,001,472,951 (4,001,472,951 ordinary shares at Baht 1 par value). The 160.1 million new ordinary shares were reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on May 11, 2018.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

At the annual general meeting of the shareholders of the Company held on April 24, 2017, the shareholders passed the following resolutions:

- a) Decrease authorized share capital from Baht 3,658,495,056 (3,658,495,056 ordinary shares at Baht 1 par value) to Baht 3,658,492,121 (3,658,492,121 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on May 9, 2017;
- b) Increase authorized share capital from Baht 3,658,492,121 (3,658,492,121 ordinary shares at Baht 1 par value) to Baht 3,841,416,727 (3,841,416,727 ordinary shares at Baht 1 par value). The 182.9 million new ordinary shares were reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on May 11, 2017.

Dividends

At the annual general meeting of the shareholders of the Company held on April 30, 2018, the shareholders approved the appropriation of dividends of Baht 0.23 per share, amounting to Baht 869.3 million, from the profit of 2017. The dividend paid to the shareholders by stock dividend on the basis of 24 ordinary shares for 1 stock dividend amounting to Baht 160.1 million (160.1 million ordinary shares at Baht 1 par value) and cash dividend of Baht 709.2 million on May 22, 2018. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 11, 2018.

At the annual general meeting of the shareholders of the Company held on April 24, 2017, the shareholders approved the appropriation of dividends of Baht 0.21 per share, amounting to Baht 788.6 million, from the profit of 2016. The dividend paid to the shareholders by stock dividend on the basis of 20 ordinary shares for 1 stock dividend amounting to Baht 182.9 million (182.9 million ordinary shares at Baht 1 par value) and cash dividend of Baht 605.7 million on May 19, 2017. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 19, 2017.

20. SHARE PREMIUM

The share premium is set up under the provision of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The share premium is not available for dividend distribution.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

21. LEGAL RESERVE

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

22. OTHER INCOME

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Sale promotion income	496,009	509,313	496,009	509,313
Distribution management income	127,006	27,283	127,006	27,283
Transportation income	85,342	77,087	85,234	77,087
Other service income	51,562	55,717	51,548	55,717
Gain on exchange rate	36,061	4,691	36,042	4,691
Rental income	24,169	24,934	24,169	24,934
Other	40,199	22,593	40,001	22,543
Total	860,348	721,618	860,009	721,568

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

23. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Changes in merchandises	(694,141)	(2,353,949)	(454,901)	(2,353,949)
Purchase of merchandises	20,353,602	18,466,062	20,070,456	18,466,062
Employee costs	1,599,308	1,373,178	1,593,458	1,373,178
Depreciation and amortization	810,800	751,781	807,284	751,781
Finance costs	261,184	184,080	261,184	184,080
Utility expenses	219,841	176,912	218,322	176,912
Marketing, advertising and sale promotion expenses	170,249	141,500	167,588	141,500
Management remuneration	53,367	45,903	53,367	45,903

24. OTHER COMPREHENSIVE INCOME

	In Thousand Baht		
	Consolidated financial statement		
	2018		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	35,832	7,166	28,666
Currency translation differences	566	-	566
Share of other comprehensive loss of joint venture (currency translation differences)	(160)	-	(160)
Other comprehensive income for the year	36,238	7,166	29,072

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht		
	Consolidated financial statement		
	2017		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	3,294	659	2,635
Currency translation differences	(2,273)	-	(2,273)
Share of other comprehensive loss of joint venture			
(currency translation differences)	(124)	-	(124)
Other comprehensive income for the year	897	659	238
	In Thousand Baht		
	Separate financial statements		
	2018		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	35,832	7,166	28,666
Other comprehensive income for the year	35,832	7,166	28,666

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Notes to the financial statements (continued)

December 31, 2018 and 2017

	In Thousand Baht		
	Separate financial statements		
	2017		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	3,294	659	2,635
Other comprehensive income for the year	3,294	659	2,635

25. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2018 and 2017 are determined by dividing the profit by the weighted average number of ordinary shares outstanding during the periods, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 160.1 million shares on May 22, 2018. The number of ordinary shares of the prior period has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported as follows :

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate financial statements	
	financial statements		statements	
	2018	2017	2018	2017
Profit attributable to equity holder of the parent	2,003,039	1,608,567	2,003,856	1,612,942
Weighted average number of ordinary shares outstanding	4,001,470	4,001,470	4,001,470	4,001,470
Earnings per share (Baht)	0.5006	0.4020	0.5008	0.4031

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

26. PROVIDENT FUNDS

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

27. SEGMENT INFORMATION

The Group is engaged in merchandising of construction and decoration materials and equipment in Thailand, therefore, management considers that the Group had only one business segment.

The Group's segment revenues based on the geographic location of customers for the years ended December 31, 2018 and 2017 were as follows :

	In Thousand Baht			
	Consolidated		Separate financial	
	financial statements		statements	
	2018	2017	2018	2017
Thailand	25,250,319	20,797,453	25,250,319	20,797,453
Kingdom of Cambodia	146,387	-	80,807	-
Republic of the Union of Myanmar	4,642	16,360	4,642	16,360
Lao People's Democratic Republic	718	16,751	718	16,751
Total	25,402,066	20,830,564	25,336,486	20,830,564

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

28. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

As at December 31, 2018 and 2017, the Group had the following assets and liabilities that are measured at fair value (both on a recurring or non-recurring basis) in the statements of financial position;

Derivative liabilities (Shown under other current liabilities) amounting to Baht 0.1 million and Baht 4.3 million for 2018 and 2017, respectively (level 2).

However, the Group has financial assets and liabilities not measured at fair value in the statements of financial position as at December 31, 2018 and 2017 but for which the fair value is disclosed in Note 29.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

29. DISCLOSURE FOR FINANCIAL INSTRUMENTS

Financial risk management policies

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

Foreign currency risk

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

As at December 31, 2018, the Group has an outstanding balance of short-term forward purchase contract of U.S. Dollars 0.3 million (equivalent to Baht 9.9 million). The above contract matures in June 2019. The outstanding unhedge foreign currency liabilities due within one year amounted to U.S. Dollars 2.3 million and CNY 11.2 million.

Management believes that said foreign currency risk is minimal.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

Notes to the financial statements (continued)

December 31, 2018 and 2017

Fair value

The Group used level 2 inputs, which are inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly, to estimate the fair value of each class of financial assets and liabilities:

Cash and cash equivalents and trade and other accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Short - term loans from financial institutions, trade and other accounts payable and short-term loan from joint venture - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long - term loans from financial institutions - the carrying values approximate their fair values since these financial instruments bear interest at market rates.

Investments in subsidiaries and joint venture are not practicable to be estimated the proper fair value without incurring the excessive costs.

30. CAPTIAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

As at December 31, 2018 and 2017, the Group's debt-to-equity ratio were 1.08 : 1 and 1.11 : 1, respectively, and the Company's debt-to-equity ratio were 1.08 : 1 and 1.11 : 1, respectively.

31. COMMITMENTS

As at December 31, 2018, the Group had :

- a) commitment to purchase land from third parties amounting to Baht 115.6 million and construction agreements for building and machinery with a related party, local companies and a foreign company amounting to Baht 688.8 million, and
- b) unused letters of credit totaling U.S. Dollars 3.2 million (equivalent to Baht 104.9 million) and CNY 20.5 million (equivalent to Baht 97.9 million).

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**Notes to the financial statements (continued)****December 31, 2018 and 2017****32. EVENT AFTER THE REPORTING PERIOD**

At the Board of Directors' meeting held on February 18, 2019, the Board of Directors passed the resolution to pay the dividend for the 2018 operations totaling Baht 1,022.59 million to the shareholders. The dividend will be paid by stock dividends on the basis of 20 ordinary shares for 1 stock dividend amounting to Baht 200.07 million (200.07 million ordinary shares at Baht 1 par value) and cash dividend of Baht 822.52 million. The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2019.

33. OTHER

In late 2017, the Company has launched its distribution center, constructed on its land located in Amphur Wangnoi, Ayudhya province, with the service area of approximately 100 rai. The distribution center is launched to efficiently support the Company's inventory management as well as future expansion of branches. Inventories, sourced from the vendors, to distribution center are from importation and local sources except for inventories on structure works that are sourced locally. Accordingly, the Company incurred administrative expenses on managing its distribution center as well as related service income that is charged to the Company's vendors increasingly in 2018.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on February 18, 2019.

18. Other References

Regulator : **The Securities and Exchange Commission**
 Address : 333 / 3 Vibhadi- Rangsit Road, Chomphon ,Chatuchak Bangkok 10900
 Telephone : 02-695-9999
 Fax : 02-695-9660

Regulator : **The Stock Exchange of Thailand**
 Address : 93 The Stock Exchange of Thailand Building, Rachadapisek Road,
 Dindaeng Bangkok 10400
 Telephone : 02-009-9726-50
 Fax : 02-009-9807-8

Share Registrar : **Thailand Securities Depository Company Limited**
 Address : 93 The Stock Exchange of Thailand Building, Rachadapisek Road,
 Dindaeng Bangkok 10400
 Telephone : 02-009-9000
 Fax : 02-009-9991

Auditor : **M.R. & ASSOCIATES Co.,LTD**
 Address : 705 - 706 Chaopaya Tower 89, Soi Wat Suan Plue, Charoenkrung Road,
 Bangrak, Bangkok 10500
 Telephone : 02-630-7500
 Fax : 02-630-7506

Bond Registrar : **The Debenture of Siam Global House PCL.1/2018**
 Address : Bank of Ayudhaya Public Company Limited
 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Thailand
 Telephone : 02-296-3582
 Fax : 02-683-1298



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