



T S FLOUR MILL PUBLIC COMPANY LIMITED

ANNUAL REPORT 2013



"We" are a leading wheat flour manufacturer who emphasizes on professional excellence in terms of commerce and product quality.



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General Information

| | | |
|--------------------------------|---|--|
| Company's name | : | T S Flour Mill public Company Limited |
| Type of Business | : | Producing and distributing wheat flour |
| Location and Storehouse | : | 90/9 moo1 Poo-Jao-Sa-Ming-Prai Sumrong-glang Prapadaeng Samutprakarn |
| Registration Number | : | 0107553000131 |
| Telephone | : | 0-2183-4570 |
| Telefax | : | 0-2183-4575 |
| E-mail Address | : | info@tmill.co.th |
| Website | : | www.tmill.co.th |
| Registered capital | : | 285,000,000 THB (Two Hundred and Eighty Five Million baht) Consisting of common stock 285,000,000 units. Each unit is equal 1 THB; Paid-up capital. |

Reference

| | | |
|------------------|---|--|
| Registrar | : | Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Telephone : 0 2229-2800 Telefax : 0 2359-1259 TSD Call center: 0 2229-2888 E-mail : TSDCallCenter@set.or Website: http://www.tsd.co.th |
|------------------|---|--|

The Representative of the Noteholders : None

Auditor : SAM NAK – NGAN A.M.C. Co., Ltd. By
Miss Prapasi Leelasupa Certified Public Accountant No.4664
OR
Mr. Ampol Chamnongwat Certified Public Accountant No.4663
OR
Ms.Yuphin Chumjai Certified Public Accountant No.8622



4th Unit, 19th Floor, Silom Complex Building,
191 Silom Road, Silom, Bangrak,
Bangkok 10500, Thailand
Telephone : 0-2231-3980-7
Telefax : 0-2231-3988
E-mial:amc@amc-mri.com

Internal auditors : Dharmniti Auditing Co., Ltd. By Mr.Saksri Ampawan
267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok, 10800.
Telephone : 0-2587-8080
Telefax : 0-2586-0301

Financial Advisor : None

Advisor or manager under the management agreement.

: None

VISION

“WE” are a leading wheat flour manufacturer who emphasizes on professional excellence in terms of commerce and product quality.

MISION

1. Ongoing commitment to deliver the highest quality products and services to all customer groups.
2. Encourage leadership in all levels of employees and create learning organization.
3. Emphasis on benefits of shareholders in terms of continuous growth of profit rate.
4. Model of professionalism, transparency and good governance.
5. Model of business operation in accordance with the standard of morality, ethics, and social responsibility.

**Summary financial information**

| | 2554 | 2555 | 2556 |
|---|-------|---------|----------------|
| Financial Statement | | | |
| (Million Baht) | | | |
| Total Income | 910.7 | 1,067.2 | 1,110.0 |
| Cost and Expenses | 829.9 | 942.2 | 1,020.8 |
| Profit before interest and Income tax. | 80.8 | 125.1 | 89.2 |
| Financial Cost | 20.5 | 20.4 | 11.3 |
| Income tax | 18.1 | 25.4 | 15.8 |
| Net profit | 42.2 | 79.3 | 62.2 |
| STATEMENTS OF FINANCIAL POSITIONS (Million Baht) | | | |
| Assets | 810.3 | 1,034.2 | 936.1 |
| Liabilities | 491.9 | 484.2 | 366.7 |
| shareholders' equity | 318.4 | 550.0 | 569.4 |
| Financial Ratios | | | |
| Number of Shares issued (Million Shares) | 200 | 285 | 285 |
| Book value per share (Baht) | 1.59 | 1.93 | 2.00 |
| Earning per share (Baht) | 0.16 | 0.43 | 0.22 |
| Dividend (Baht) | 0.00 | 0.15 | 0.10 |
| Dividend Payout Ratios (%) | 0.00 | 126.18 | 68.75 |
| Operating profit margin (%) | 11.30 | 8.90 | 7.78 |
| Return on Equity (%) | 14.22 | 18.25 | 11.11 |
| Return on Assets (%) | 5.56 | 8.59 | 6.31 |
| Debt to equity shareholders | 1.55 | 0.88 | 0.64 |

Message from the Chairman of the Board



Mr. Preecha Attavipach

Chairman

T S Flour Mill Public Company Limited is a Thailand based company in the agribusiness and food industry (AGRO). Company's executive intended to list the Company on MAI Stock Market ("MAI"). S Flour Mill Public Company Limited has also been certified of the standard in quality system, hygiene and safety of products by ISO 22000, GMP, HACCP and HALAL. Wheat flour is the main raw material used to produce food whether fresh noodles, instant noodles, bread, cakes, buns and Patonko, so the growing demand of the industry will grow as the population increases or trends in the consumption of foods produced from wheat flour increased as well.

In 2013, the Company had earnings from ongoing operations rose over the past year, representing 35 percent of the project and are working to expand the capacity be doubled, which will be completed in 2014.

In addition to giving priority to the growth in the business. Aimed at improving markets and Building Relationships to customers, the company also focuses on the employee development and the enterprise management systems concurrently. The projects support community events to build relationships. To show the Corporate Social Responsibility and encourage the community development in various aspects.

Finally, on behalf of the Board of Directors for **T S Flour Mill Public Company Limited**, thanks to the executives of the Company that can be business operations of the company in 2013. We have always made profits for shareholders because of professionalism of our management who are full of visions and experience in management, development of technology, work procedures and develop the capacity and skills of our employees and personnel in all departments continuously. We are and have always been committed to our corporate governance policy and management using good governance principles, morality and honesty to all parties as our guideline for operation.



Mr. Preecha Attavipach

Chairman

Message from the Chief Executive Officer

In 2013, operating Results for **T S Flour Mill Public Company Limited**, net profit of 62.18 million Baht, down from the year 2012 in the amount of 17.07 million Baht, representing 22 percent. The main cause is the comprehensive income statements for the ended year as at December 31, 2012 included the gains from the sale of crops damaged by fire 7.13 million Baht and the revenue of 25.98 billion baht, compensation from the insurance company, which is not the revenue from ordinary operations. Therefore, comparing the performance of the ordinary operations, can be seen that the profit for the ended year as at December 31, 2013 higher than the same period in last year 16.04 million Baht, representing 35 percent.

The situation is competitive in the market. This policy includes a strategy for various management. Can be considered successful when reviewed from the ordinary operations.

As the Board of Directors would like to thank the management and all employees that is dedicated and efficacy in their work, efforts in developing the company to progressive growth. Thank you for the shareholders, customers, suppliers and business partners. Including the related parties that contributes to the support and trust in the management team. Hereby, pledging to the commitment of management with prudence, transparency and adherence to good corporate governance principles to develop the Company relentless.



Mr. Prapas Chutimaworaphan
Executive Chairman



Mr. Prapas Chutimaworaphan
Executive Chairman

Report of Audit Committees



นายสมชัย วณวิทย์
ประธานกรรมการตรวจสอบ

The Audit Committee of **T S FLOUR MILL PUBLIC COMPANY LIMITED** comprises three independent Directors. There are Mr. Somchai Wanawithaya, Mr. Anek Kumchum and Mr. Chaleumchai Wongwaiwit, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Moreover, the Committee is committed to promoting the advancement of company's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently.

In 2013, the Committee held 4 meetings and attendance by its members. The Committee considered an internal quality assessment (Quality Assurance Review) conducted by the Audit Office. The Audit Committee reviewed significant information in the quarterly and annual financial statements of the Company for the year 2013. The Audit Committee reviewed

the results of the internal control system assessment which was reported by the Audit Office on both a quarterly and yearly basis. The results showed that these systems are appropriate to the Company's business operations. The Audit principle was expanded from control self assessment that was further consolidated to enable the business units to monitor and follow up work by themselves. Based on the satisfactory results of their performance appraisal, and their qualification as independent auditors, the internal auditors possess professional expertise, knowledge and experience in auditing Company's businesses therefore the Audit Committee recommended them to the Board of Directors.

In 2013, the Audit Committee reviews corporate governance as well as establishes and maintains a proactive risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system and internal audit. The Audit Committee's views are reported in its report in the Company's annual report. The Board is confident that the internal control system and the internal audit of company represents the financial position, results of operations, and cash flows accurately.



Mr. Somchai Wanawithaya

The Chairman of Audit Committees

The Boards of Directors



Mr. Precha Attavipach

Chairman



Mr. Prapas Chutimaworaphan

Executive Chairman



Mr. Somchai Wanawitthaya

Chairman of Audit Committee



Dr. Charnkrij Dejvitak

Managing Director & Executive Vice Chairman



Mr. Narong Janelapwattanakul

Executive Director



Mr. Chanachai Chutimaworaphan

Executive Director

The Boards of Directors (Continued)



Dr. Supasorn Chayowan

Director



Mr. Chalush Chinthammit

Executive Director



Mr. Thanadol Suchipinyo

Executive Director



Mr. Somchai Chintummit

Director



Mr. Chaleumchai Wongwaiwit

Audit Committee



Mr. Anek Kumchum

Audit Committee

Nature of Business

Policy and overall business operations.

T S Flour Mill Public Company Limited importer of raw materials from the United States and Australia. To be processed into flour and sold to domestic customers. Wheat flour processed automatically by the system. (Computer Integrated Manufacturing Practices : GMP) Under the Hazard Analysis and Critical Control Points of wheat flour. (HACCP) It also takes into account food safety is important. Until the flour sacks to the Company. Confirmed the quality of ISO 22000 : 2005 (Food Safety) ere are also measures for traceability To achieve the utmost confidence in the quality of flour sacks. It also has been certified THS 24000 : 2552 (Thailand Halal Standard) Which is regarded as a flour mill, the first in Thailand to be certified by the Center for Development and monitoring of Thailand Halal products.

The objective of Conducting a business

The Company has vision defining as “WE” are a leading wheat flour manufacturer who emphasizes on professional excellence in terms of commerce and product quality. The Company has missions as followed:

- Ongoing commitment to deliver the highest quality products and services to all customer groups.
- Encourage leadership in all levels of employees and create learning organization.
- Emphasis on benefits of shareholders in terms of continuous growth of profit rate.
- Model of professionalism, transparency and good governance.
- Model of business operation in accordance with the standard of morality, ethics, and social responsibility.

Moreover, the Company sets long-term goals for next 2-3 years as followed:

- The Company will carry factories forward in order to use production capacity effectively and efficiently so that the Company will have enough products support the demand of increasing consumers in the future.
- The Company plans to broaden the customer’s target to become diversity. The Company not only focuses on huge industry but also mid-sized industry in order to liquidate the cluster of huge industry business. Furthermore, the Company seeks the opportunity to expand group of customers in rural area. Since the Company mainly concentrates on Bangkok and circumference of Bangkok, the new market expansion will help the company has various channels gaining more profit to shareholders.
- The Company has new project of developing and creating new products so as to add more value through products resulting in high profit to shareholders as well.



History and major development

T S Flour Mill Public Company Limited (“the Company” or “TMILL”) used to be called Thai Sugar Warehouse Limited. It was incorporated by the cooperation of sugar factories namely in the Konkaen Sugar Public Company Limited, Prachuab Industry Company Limited and Mit Kaset Industry Company Limited and registered on 3 February 1977 with the registered capital of 10 million baht. The company carried out the business of warehouse storage service for mainly brown sugar and white sugar. In April 1991, Thai Sugar Terminal Company Limited (“TSTE”) bought some shares from existing shareholders due to change in shareholding structure in TSTE companies, causing TSTE to hold 61.30 percent of the company’s registered capital and the company to become a subsidiary of TSTE.

In 2001, the Company applied for the cancellation of license to conduct warehouse business and registered the change of company’s name to Thai Sugar Inter Trade Company Limited. It least out real estate to TSTE including bulk cargo warehouse for storing brown sugar while awaiting vessel shipment. In 2005, the Company increased its registered capital to 200 million baht and changed its name to T S Flour Mill Company Limited in order to conduct the wheat flour factory business with TSTE holding 97.13 percent of the new registered capital.

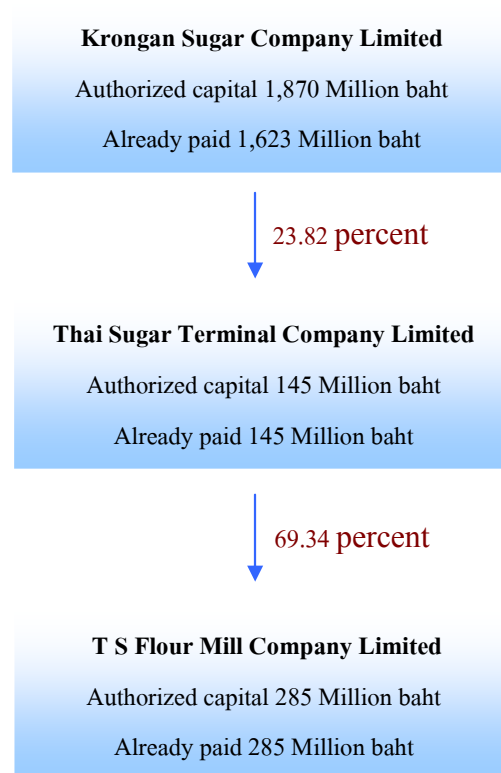
On February 15, 2007 the Company again changed the name called T S Flour Mill Company Limited and started to do wheat flour business in June 2007. On September 2007, the Company increased its register capital by 200 million baht to 400 million baht with TSTE holding 98.82 percent of the paid-up capital. In December 2009, the executives of TSTE intended to list the Company on MAI Stock Market (“MAI”). Therefore, it changed the registered capital from 400 million baht to 200 million baht, by decreasing shares to two million shares with a par value of 100 baht each. On June 29, 2010 the Company was registered as a public limited company and changed its share par value from 100 baht to 1 baht and increased its registered capital by 85 million baht by issuing 85 newly issued ordinary shares for offering to the public. This caused the registered capital to increase to 285 million baht, out of which 200 million baht or 200 million shares is paid-up.

On October 24, 2012 The Securities and Exchange Commission, Thailand granted permission for the Company to offer an initial public offering of common stock 85 million shares to the public. Hence, the Company offered common stock to former shareholders following the ‘Pre-emptive right’ and for normal people in November 14-16, 2012. Later on, on November 21, 2012 the Company changed paid-up capital from 200 million baht to 285 million baht. On November 19, and November 21, 2012 The Securities and Exchange Commission, Thailand acknowledged shares of the Company as listed security since November 23, 2012 making all stocks start trading in stock exchange M.A.I. The company has a short name in the stock market as TMILL which categorizes as a mid-sized business.



The structure of the Company

On March 12, 2014 The Company has basic structure as followed:





Business lines and Product Segmentations

(1) Income's Structure

| Type of income | 2010 | | 2011 | | 2012 | | 2013 | |
|---------------------|--------------|---------|--------------|---------|--------------|---------|--------------|---------|
| | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent |
| Wheat Flour | 792.1 | 86.8 | 754.5 | 83.0 | 873.5 | 81.8 | 981.5 | 88.4 |
| Wheat Bran | 106.0 | 11.6 | 86.0 | 9.5 | 101.4 | 9.5 | 121.9 | 11.0 |
| Rice Germ and Wheat | 0.5 | 0.0 | 57.4 | 6.3 | 59.3 | 5.6 | 3.5 | 0.3 |
| Others Income* | 8.3 | 0.9 | 12.9 | 1.4 | 33.2 | 3.1 | 3.1 | 0.3 |
| Total Income | 906.9 | 100.0 | 910.7 | 100.0 | 1,067.4 | 100.0 | 1,110.0 | 100.0 |

Remarks : *Other income consists of profit (deficit) from exchange rate, money from finished work earlier (from a vessel takes before the due date), interest, income from selling bad rice, and rice bran. The company has special income from a fine of delaying working process in 2009 and 2011, compensation in 2011 as well as remuneration from an insurance company in 2011.

Type of products and services

The Company produces and sells wheat flour by ordering whole wheat rice from aboard so as to make wheat flour. The manufacturing process is very advanced importing from Switzerland in order to make the best quality of flour with proper protein and gluten as well as low level of ash. The wheat flour has both high and low protein. Each type of flour will be used as raw material in different kinds of products. For example, high protein flour is suitable for instance noodle, fresh noodle, bread, and animal nutrition. While, low protein flour is suitable for biscuit, bun, Chinese bun or even all purpose flour. The company has more than 10 flour brands such as fresh noodle flour-under Sen-Yok brand, fresh noodle flour-under Sen-Lueang brand, bread flour under Pung-Daeng brand, bread flour under Pung-Lueang brand, animal nutrition flour under Kula-Daeng brand etc. There are 3 sizes of flour product. The first size is 22.5 kg per bag which has the highest sale volume 78.06 percent in 2013. The second size is all you can buy (no bag) which has sale volume 21.94 percent. There is the table illustrated the sale volume of each kind of flour as followed:

- The table of sale volume of each product from 2010 to 2013

| Type of Profit | 2010 | | 2011 | | 2012 | | 2013 | |
|----------------------|--------------|---------|--------------|---------|--------------|---------|--------------|---------|
| | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent |
| Fresh Noodle Flour | 182.5 | 23.0 | 183.8 | 24.4 | 246.9 | 28.3 | 250.0 | 25.46 |
| Instant Noodle Flour | 163.8 | 20.7 | 163.9 | 21.7 | 211.3 | 24.2 | 245.9 | 25.04 |
| Bread Flour | 206.9 | 26.1 | 176.2 | 23.4 | 169.3 | 19.4 | 223.8 | 22.80 |
| All Purpose Flour | 65.2 | 8.2 | 91.9 | 12.2 | 112.4 | 12.8 | 123.4 | 12.57 |
| Biscuit Flour | 71.8 | 9.1 | 78.0 | 10.3 | 98.4 | 11.3 | 111.9 | 11.40 |

| Type of Profit | 2010 | | 2011 | | 2012 | | 2013 | |
|-----------------------------|--------------|---------|--------------|---------|--------------|---------|--------------|---------|
| | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent | Million Baht | Percent |
| Animal Nutrition Flour | 88.5 | 11.2 | 46.9 | 6.2 | 22.8 | 2.6 | 18.7 | 1.90 |
| Other Flour | 13.4 | 1.7 | 13.7 | 1.8 | 12.4 | 8.19 | 7.8 | 0.06 |
| Total profit of whole flour | 792.1 | 100.0 | 754.4 | 100.0 | 873.5 | 100.0 | 981.5 | 100.0 |

- The table of selling flour from 2010 to 2013

| Type of Profit | 2010 | | 2011 | | 2012 | | 2013 | |
|-----------------------------------|--------|---------|--------|---------|--------|---------|--------|---------|
| | Ton | Percent | Ton | Percent | Ton | Percent | Ton | Percent |
| Fresh Noodle Flour | 11,314 | 22.6 | 8,944 | 22.2 | 13,065 | 25.7 | 13,758 | 23.94 |
| Instant Noodle Flour | 12,029 | 24.1 | 10,635 | 26.2 | 14,813 | 29.1 | 16,208 | 28.21 |
| Bread Flour | 11,502 | 23.0 | 8,262 | 20.4 | 8,395 | 16.5 | 11,628 | 20.24 |
| All Purpose Flour | 3,894 | 7.8 | 5,035 | 12.4 | 6,783 | 13.3 | 7,481 | 13.02 |
| Biscuit Flour | 4,530 | 9.1 | 4,421 | 10.9 | 6,045 | 11.9 | 6,908 | 12.02 |
| Animal Nutrition Flour | 6,146 | 12.3 | 2,794 | 6.9 | 1,305 | 2.6 | 1,164 | 2.03 |
| Other Flour | 543 | 1.1 | 506 | 1.2 | 466 | 0.9 | 314 | 0.54 |
| Total amount of selling all flour | 49,958 | 100.0 | 40,597 | 100.0 | 50,872 | 100.0 | 57,461 | 100 |

For more detail of flour products of the Company can be categorized as followed:

Fresh Noodle Flour

The Company produces and distributes wheat flour for making Chinese noodle under the brand of Sen-Yok which has protein 11.13 percent and Japanese noodle under the brand of Sen-lueang which has protein 10-11 percent. Wheat flour helps noodle become soft, flexible, and beautiful.

Bread Flour

The Company produces and distributes wheat for making bread under the brand of Pung-Daeng which has protein 13-14 percent. Bread flour extracts high gluten from wheat flour helping bread sticky, flexible, well water absorbed, good shape, and soft skin.

Instant noodle flour

The Company produces and distributes wheat flour for making instant noodle under the brand of Sen-Thong which has protein 10-12 percent helping noodle become soft, sticky, beautiful color, and good looking.

Biscuit flour

The Company produces and distributes wheat flour for making biscuit under the brand Gung-Hun which had low protein only 9-10 percent. This flour has enough toughness and water absorption to make biscuits, crackers, waffle, pancake, doughnut etc.

All purpose flour

The Company produces and distributes wheat flour under the brand of Luk-Kling which has moderate protein 10-11 percent. This flour is flexible, sticky and water absorbed to make various products such as cookies, cake, snack, pancake, waffle, bun etc.

Animal Nutrition Flour

The Company produces and distributes wheat flour for making animal nutrition under the brand of Kuladeang such as food for shrimp, fish, dog etc. which has protein 13 percent.

Others flour

The Company produces and distributes wheat flour in good quality which can use to cook any others food as followed:

- 1) Wheat Flour for making bun under the brand Ta-long-pao has low protein 7-9 percent. The texture of flour has a pure white, light and soft, low of ash, less sticky which is suitable for making Chinese bun, cake, moji, and tart.
- 2) Wheat flour for making deep-fried dough stick under the brand of Ku-Gou which had protein 11-13 percent. This flour is well water-absorbed and helps dough stick crispy with less oil inside.
- 3) Wheat flour for making cake under the brand Hua-Jai such as butter cake, sponge cake, chiffon cake etc. This flour has protein 7-9 percent with pure white texture, well water, sugar, oil absorption helping everything well combines together, as well as helping product has soft and delicious.
- 4) Whole wheat flour under the brand Pung-Thong is flour for making whole wheat bread having high protein about 50 percent. This flour helps bread become soft, full of nutrient, vitamins, and antioxidant which is good for healthy consumers.

Nowadays, there are two organizations having major factors in conducting wheat flour business which are Department of Internal Trade of Thailand and Department of Mental Health. The Department of Internal Trade of Thailand requires to control wheat flour's price by law and all the traders have to abide by rules of Central Committee announced that the price of goods and services. The Company has to inform cost, price, and information of wheat flour to the government sector so that they can check and control price of wheat product. The government sector helps to protect consumers that the industry will not take advantage of selling in high price. However, if the wheat flour in the global market raises up and makes the wheat industry bares high cost, the government sector will take it consideration whether to raise up the price or not. As the wheat flour uses for all kind of producing food in every day's life, it is very important for Department of Mental Health to

keep an eye on food industry strictly. Therefore, Department of Mental Health plays a crucial role in controlling food industry to be safe and clean.

Marketing, Competitive atmosphere and the tendency of industry

Nowadays, people consume more bread Thailand . Because bread is the food eaten easily. And easy to buy Also included are affordable and buy it easy. Business of bread are many brands in market. To be many choices for consumers. The instant noodles market growth of recent years . As a result, the market needs a lot of dough to produce is not including the import of wheat flour to produce other products .

Type of Marketing

Because company's products are for making others food to consumers, the Company will concentrate on good quality of products by using novel technology to control wheat transform formula precisely and clean. Furthermore, the Company pays attention to making product differentiation to satisfy consumers' needs by making wheat flour with a special formula from the Company as well as a customer-formula requested (Tailor-Made Flour). The Company also creates novel products to meet different wants and needs of consumers which are strength strategies of the Company. The Company also uses SWOT analysis by knowing the market, the competitors as well as following up the rules and regulations from the government sector.

Marketing Strategy

Although the Company just started the wheat industry in the mid of 2007, the sale volume of the company proves that the business keeps growing continuously. The reason is effective and powerful marketing strategies that the company uses helping boost sale by centering on high quality, customer' wants. Thus, company uses 3 major marketing strategies as followed:

1) Quality Strategy: The Company chooses the best quality of machines for making wheat flour which can control quality of flour accurately, perfectly. The company also has quality insurance sector started from the beginning; finding raw material, flour making process and the packing process in order to follow the systems of GMP, HACCP, ISO 22000 and HALAL. In the process of finding raw material, the quality checking department will random check every 2 hour in the type of all you can buy and will take some sample from every container to check the dampness, protein, and ash. In the production process, the quality checking department will random to check other factors such as color of flour, gluten, bacteria, baking test. Last, the quality checking department will make sure that flour will be kept in a proper warehouse with a good atmosphere.

2) Managing Strategy: All sale persons focus on customers' needs as a very priority. They will ask customer's opinions in order to evaluate the product whether meet customer's need or not. The research and develop departments will also create novel products so that customers have various options to choose. After sale service section, it is very significant for the Company to make sure that customers satisfy with products and services. If customers have any problems, the Company will immediately sent the officer to investigate the situation and sent new product to customer within 7 days.

3) Pricing Strategy: In the beginning for doing business, pricing strategy is very essential for the company due to building new customers. The Company needs to have loyal customers to gain more sale volume in the future. Therefore, the Company has to use a high promotion to motivate customers coming to purchase the products. Nowadays, the Company adjusts the price relying on quality of each product.

Type of customer and target groups

Because wheat flour is a major raw material that food industry needs to use to produce various type of food, customers also wants percentage of protein in the flour differently depending on the purpose of each company. Therefore, the Company will produce flour in special formula as required by customers(Tailor-Made Flour) so as to satisfy all customers' wants. The customers purchase high protein flour 75 percent of all income such as instant noodle industry, fresh noodle industry, bread industry, and animal nutrition industry. Low protein flour is 25 percent of all company's income which only for small entrepreneurs such as bakery shop, cookie shop, snack shop, bun shop, and deep-fried dough stick shop.

There are 3 types of customers in the Company which are 1.) Occasionally customers who purchase without having any contracts. With this type of customer, the Company will sent an updated quotation relating to the product that customers are interested in. 2) Customers who have contracts by quarter period. This type of customers, the Company will send a quotation but will specifically indicate the time of the price's range every three months. The quotation will also be updated every quarter. 3) Customers who have long-term contracts. The Company will send quotations to the customers with full detail about the condition of the price, the quantity of product especially the logistics. The Company uses to do long-term contracts for 6 months-period; however, it causes high cost also high interest rate to the Company. Hence, the Company changes the long-term contract to 4 months period instead relating to the company's raw inventory. Recently, the Company has percentage of each type of customers to 78 percent, 5 percent and 17 percent.

The target customers of the Company are divided into 3 groups as followed: 1) Huge industry such as instance noodle industry, fresh noodle industry, bread industry, and animal nutrition industry. 2) wholesalers 3) SME. The Company gives credit to customers for 15-60 days depending on each type of customers. Most of customers are located in Bangkok and the circumference of Bangkok including Eastern part of Thailand.

Price setting' Policy

Wheat flour that the Company sells has many qualities by indicating the percentage of protein either high or low percentage. High protein flour can be categorize in different types such as instant noodle flour, fresh noodle flour, bread flour, animal nutrition flour. Low protein flour is all purpose flour, biscuit flour, cake flour, bun flour and deep-fried dough stick flour. Owing to the different qualifications, it leads to different cost of making flour. Consequently, the price of flour also vary. The Company sets the flour price following the executive board's decision. The price has to follow Department of Internal Trade of Thailand.

Distribution channel

The Company's distribution channel concentrates on direct sale to the customers. Customers will order products whole lot by formerly indicated the price time after time by the Company. The Company will keep sending the product to

customers relying to the former price list that offered. Customers can pay deposit or use credit or even cash. All selling process, the Company has its own staff focusing upon Bangkok area and circumference of Bangkok. At present, the Company has 4 sale persons taking care almost 250 clients. The sale persons have considerable experience in marketing. They take charge of contact, liaise with customers especially wholesalers who have a crucial role in broaden the product to consumers effectively.

Industry Atmosphere

Wheat and wheat flour industry in the global market

Wheat is one of the grains that has significant role in the world. People in many regions such as Europe, North America, South America, Australia, and Asia mainly prefer consuming product made from wheat. Using wheat is not only for human's food but also for animal nutrition. The main areas of growing wheat are USA, Canada, Australia, EU, and China. According to Food and Agricultural Organization of the United Nations (FOA) in November 2013, the world's total production of wheat in 2012/2013 is equal 659.7 million tons and also adds more 708.5 million tons in 2013/2014. The increasing percentage is 7.4 percent. Most of the production comes from group of EU, China, Russia, Canada, Kazakhstan and Ukraine. It is expected that these countries will have increased substantially in the year 2012 after last year's drought-reduced levels, reflecting a recovery in production in several major countries in Europe and Asia. Latest information puts the 2013 wheat outputs up by 36 in both the Russian Federation and Ukraine, while in Kazakhstan, a 66 percent recovery from last year's low is expected. For EU countries increased 9 percent, while the U.S. fell 7 percent despite increased planting, reflecting adverse conditions over the winter that led to above-average abandonment. However, the country is an exporter of wheat in the world, including U.S., EU, Canada, Australia, Russia, Ukraine, Kazakhstan and Argentina to. And a major importer of wheat including countries in Asia, Africa, South America, Central America and Europe, the main importer of wheat in Asia, with the Philippines, Israel, Saudi Arabia and Yemen, with estimated imports in 2013/2014, up 4.5 million tons from 2012/2013.

The table of countries who produce wheat in 2012/2013 and 2013/2014

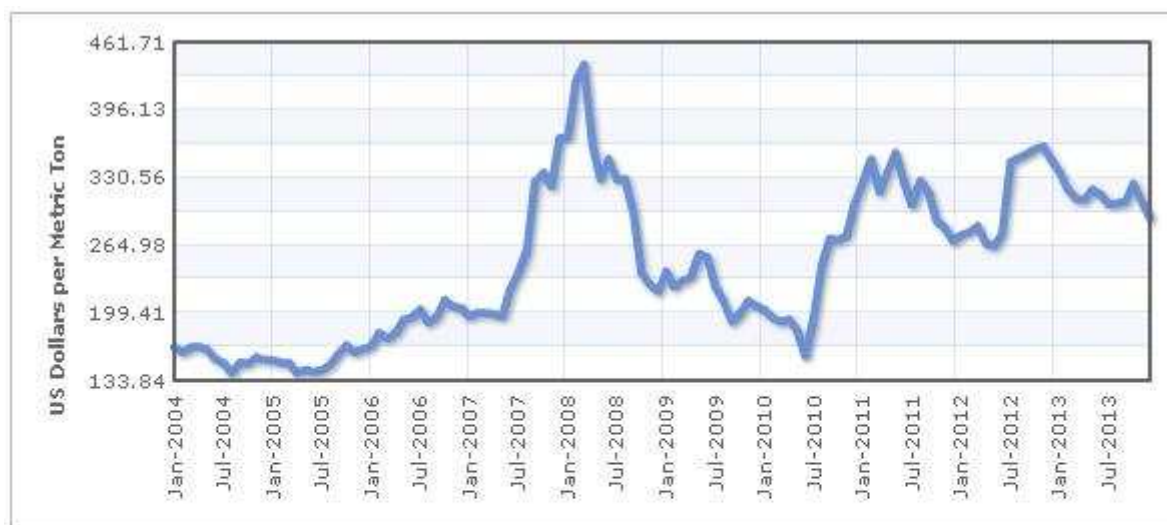
| Country | Products 2011/2012 (Estimation) | Product 2012/2013 (Estimation) | Difference |
|------------------|---------------------------------------|--------------------------------------|------------|
| | Million Tons | | Percent |
| EU | 132.4 | 144.3 | 9.0 |
| China (Mainland) | 120.8 | 122.2 | 1.2 |
| India | 94.9 | 92.5 | -2.5 |
| USA | 61.8 | 57.5 | -7.0 |
| Russia | 37.7 | 51.2 | 35.8 |

| Country | Products 2011/2012 (Estimation) | Product 2012/2013 (Estimation) | Difference |
|---------------------------------------|---------------------------------------|--------------------------------------|------------|
| Canada | 27.2 | 33.2 | 22.1 |
| Australia | 22.1 | 24.5 | 10.9 |
| Pakistan | 23.5 | 24.3 | 3.4 |
| Turkey | 20.1 | 22.0 | 9.5 |
| Ukraine | 15.8 | 21.5 | 36.1 |
| Kazakhstan | 9.8 | 16.3 | 66.3 |
| Iran | 13.8 | 14.0 | 1.4 |
| Argentina | 8.2 | 8.8 | 7.3 |
| Egypt | 8.8 | 9.4 | 6.8 |
| Uzbekistan | 6.7 | 6.9 | 3.0 |
| Others | 56.1 | 59.9 | 6.8 |
| Total Product around the world | 659.7 | 708.5 | 7.4 |

Source : Food Outlook November 2013 ๒๐๑๓ FAO (Food and Agriculture Organization of the United Nations)

Wheat rice is a consumer product that has pre-indicate price in the global market in USA. From the past, wheat rice has less swing according to Hard Red Winter (“HRW”) which the highest price was no more than 220 US dollars per ton. Nonetheless, in 2007/2008 wheat rice jumped onto 450 US dollars per ton owing to the weather changing. This reason caused negative effect for major growing wheat countries. They turned to grow soybean, corn making wheat production become less and the price of wheat were very high due to out of stock. Nonetheless, after 2007/2008 wheat’s price came down into 150 US dollars per ton in the 2 quarter of 2010 before soaring in 360 US dollars per ton in the last quarter of the same year owing to the decreasing of wheat production. Nowadays, wheat price in July 2013 rises about 297.77 US dollars per ton.

The chart illustrates the price of wheat (Type Hard Red Winter, US) in July, 2004 to July, 2013



ที่มา : USDA Market News; <http://www.indexmundi.com/commodities/?commodity=wheat&months=120>

Issue: February 10, 2013

Unit : US Dollar per Ton

Nevertheless, global wheat rice industry has high Consumption to animal nutrition industry. After 2012/2013 Wheat consumption is still rising steadily in both population and the consumption of animal food. expected that in 2013/2014 there will be whole wheat consumption around 696 million ton increase from 2012/2013 1.4 percent. In terms of consumption. FOA expected that in 2013/2014 Wheat consumption is high to 482 million ton Increased by 1.6 percent compared to 2012/2013 for the animal. Predicts that there will be demand for wheat is about 134 million t in year 2013/2014 increase from 2012/2013 by 0.6 percent Due to the price of soybean remained constant up to the need to make wheat in animal feed, which is the price not too expensive and a replacement for it.

reducing from 2011/2012 0.6 percent. However, this percentage is still high comparing with last 10 years. In the consumption part, FOA expects that 2012/2013 will have wheat consumption more than 475 million ton which higher 0.4 percent comparing with 2011/2012. In the animal nutrition part, FOA also estimates that there will be wheat consumption 134 million ton in 2012/2013 reducing from 2011/2012 3.7 percent because of high competition between wheat rice and corn Besides, the corn's supply is improving helping using wheat rice in animal food industry back to normal rate.

Wheat flour industry in Thailand

Nowadays people are familiar with product made from wheat such as bread, instant noodle, bakery product like cake, cookie, biscuit helping wheat flour industry in Thailand growing continuously especially after 1999. In 2000 the market expanded 10-15 percent per year thanks to the increasing of population. People tend to consume western food; however, Thai people still less consume wheat comparing with Asian region which has 10 kg. per year per person only. On the other hand, world wheat consumption is 67.5 kg. per year. In addition, people in LIFDC (Low Income Food Deficit Countries) still have consumption rate in 50.4 kg. per year (source from: Food Outlook May 2012 of FAO). Apart from consuming wheat flour, it can use in aquatic animal nutrition as well. Two out of third of wheat rice and wheat flour are for consumption. The rest of them are for producing animal nutrition for shrimp and fish etc.

The major raw material for making wheat flour is wheat rice which is well growing in cold weather. Wheat rice cannot grow in Thailand. Therefore, Thailand needs to import from abroad. Thailand imports both wheat rice and wheat flour. Different wheat of different country has its own qualification. There are two main categories which are Hard Wheat and Soft Wheat. The flour from hard wheat has high protein while flour from soft wheat has low protein. Hence, entrepreneurs need to research and study the quality of that wheat before importing into the country. There are two types of wheat rice that Thailand usually import from abroad as followed:

- Hard Wheat from USA such as Dark Northern Spring (“DNS”) and Hard Red Winter (“HRW”)
- Soft Wheat from USA such as Western White and from Australia like Australian Standard White

Thailand imports major wheat rice from USA and Australia, next Canada and some from Asian. The price of wheat rice is defined by Grain Exchange from USA. The record of countries that Thailand imports wheat rice from last 5 years from 2009 to 2013 as followed:

Unit : Ton

| Country | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 |
|--------------|------------------|------------------|------------------|------------------|------------------|
| USA | 497,180 | 529,520 | 422,904 | 477,233 | 606,521 |
| Australia | 406,191 | 438,703 | 642,451 | 1,381,790 | 369,563 |
| Canada | 163,109 | 138,998 | 310,349 | 198,636 | 250,037 |
| Ukraine | 7,132 | 62,837 | - | 245,308 | 388,321 |
| China | - | 6,360 | 6,360 | 0 | - |
| India | - | 0.02 | 41,584 | 267,267 | 77,016 |
| Pakistan | - | - | - | 7,387 | - |
| Russia | 30 | 117,757 | 2,552 | 2,939 | - |
| Brazil | - | 108,024 | - | 0 | - |
| France | - | 66,020 | - | 0 | - |
| Turkey | - | 56,250 | - | 0 | - |
| England | - | 53,100 | - | 0 | - |
| Taiwan | - | 999.5 | - | 0 | - |
| Others | 0.02 | 0.01 | 4.9 | 204 | 6 |
| Total | 1,074,642 | 1,579,102 | 1,426,204 | 2,580,764 | 1,691,464 |

Source : Custom Department

Apart from importing wheat rice into the country, Thailand imports wheat flour as well. The main countries that Thailand imports from are China, Japan, Singapore, and Philippines. The record of importing wheat flour market in Thailand from 2009 to 2013 as followed:

Unit : Ton

| Country | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 |
|--------------|----------------|----------------|----------------|----------------|----------------|
| China | 21,764 | 35,367 | 32,006 | 23,213 | 9,134 |
| Singapore | 10,691 | 18,432 | 16,746 | 14,446 | 11,211 |
| Japan | 14,567 | 18,991 | 15,375 | 17,081 | 14,227 |
| Philippines | 11,002 | 11,002 | 15,919 | 13,812 | 15,610 |
| Turkey | 28,717 | 28,716 | 35,973 | 51,601 | 32,507 |
| Vietnam | 2,817 | 14,736 | 28,234 | 49,699 | 51,153 |
| Australia | 4,387 | 4,341 | 6,421 | 5,353 | 3,823 |
| Sri Lanka | 3,90 | 16,329 | 28,148 | 16,337 | 14,275 |
| Malaysia | 3,447 | 2,562 | 1,906 | 2,262 | 3,320 |
| Indonesia | 45 | 7,755 | 22 | 0 | 9,197 |
| Slovenia | 6,449 | 21,229 | 14,105 | 16,124 | 5,825 |
| Belgium | 478 | 515 | 547 | 0 | 0 |
| South Korea | 1,869 | 2,097 | 1,913 | 1,796 | 2,071 |
| Others | 2,916 | 6,028 | 14,636 | 3,329 | 3,197 |
| Total | 113,052 | 173,107 | 211,952 | 215,053 | 175,550 |

Source : Custom Department

Importing wheat rice for making food in Thailand, there are three main countries consisting of USA, Australia, and Canada. Therefore, considering the record of importing wheat rice during 2009-2012, wheat flour grows gradually in 38 percent, 10 percent, 24 percent, and 41 percent as followed by comparing with wheat rice one ton can make wheat at flour 750 kg.

In terms of government supporting for entrepreneurs in wheat rice and wheat flour industry, the government pledges to refrain from tax for importing wheat rice into Thailand and reduces taxation of wheat flour in 2005. Moreover, government has a policy mainly to protect the consumers such as monitoring the standard of wheat rice following Department of Mental Health. Furthermore, Thailand makes an agreement with Asian Free Trade Area (AFTA) affecting tax reducing for importing wheat flour into 0 percent in 2010. This agreement causes intensive competition through entrepreneurs. The wheat factories in Thailand have to improve themselves in terms of price, quality, products, and services.

Competitive Atmosphere

Wheat flour industry in Thailand has started more than 40 years. The beginning of this industry had only 4 entrepreneurs which were United Flour Mill Company Limited (UFM). UFM registered in the stock exchange of Thailand since 1978 since and delisted from listed security in 2010. Next three entrepreneurs were Laem-Thong Sahagarn CO., Ltd.,

Siam Flour Ka-Pang Co., Ltd. and Aut-sa-ha-gum Pang Kaow Sali Thai Co., Ltd. Later on in 1991, there were more 4 entrepreneurs comprising Bangkok Flour Mill Company Limited, Nisshin STC Flour Milling Company Limited, Curry Flour Mill Company Limited, and Jaren-Pokkapan Aharn-sud Company Limited (Specifically for food of shrimp). The first three companies produce wheat flour for human consumption which is industrial conglomerates in terms of technology. Hence, it is not easy for new entrepreneurs coming into wheat flour industry. Nonetheless, there are 10 wheat industries in Thailand. Each industry has production capacity around 250-1,000 ton per day.

Thailand competition atmosphere of wheat industry focuses on services and qualities of products. If new entrepreneurs come into this market, they will center on price strategy. Wheat competition is not only same marketing competition but also importing wheat flour products from international brands. There are many importing ready to use wheat flour international brands. In 2005, Thailand used to impose tariff on wheat products in 40 percent helping wheat industry got some protection from the government. However, since Thailand needs to abide by not only AFTA policy but also FTA policy, Thailand reduces tariff rate into 5.0 percent. (FTA policy is related to some countries like India and Australia), Furthermore, in 2010, the import duty in wheat product reduced only 0 percent causing more importing wheat flour from abroad. In 2009, before reducing import duty Thailand imported wheat flour 113,052 tons while in 2010, Thailand imported 173,107 tons meaning add more 53 percent and add in year 2011 2012 and 2013 about 22 percent 1 percent and 13 percent respective. There is the table of importing wheat product of each country as followed:

Statistics of wheat flour's importation in 2012 to 2013

| Country | Year 2012 | Year 2013 |
|-------------|-----------|-----------|
| China | 23,213 | 9,134 |
| Singapore | 14,446 | 11,211 |
| Japan | 17,081 | 14,227 |
| Philippines | 13,812 | 15,610 |
| Turkey | 51,601 | 32,507 |
| Vietnam | 49,699 | 51,153 |
| Australia | 5,353 | 3,823 |
| Sri Lanka | 16,337 | 14,275 |
| Malaysia | 2,262 | 3,320 |
| Indonesia | 0 | 9,197 |
| Slovenia | 16,124 | 5,825 |
| Belgium | 0 | 0 |
| South Korea | 1,796 | 2,071 |

| Country | Year 2012 | Year 2013 |
|--------------|----------------|----------------|
| Others | 3,329 | 3,197 |
| Total | 215,053 | 175,550 |

Source: Custom Department

If taking consideration through the statistics from last two years, there is raising in terms of statistics. Nevertheless, there is a weakness of importing wheat flour due to controlling policy. Since wheat flour takes time in terms of transportation, it is required to evaluate the quality of wheat flour. For example, it needs to concern about dampness and weevils that may destroy the character of wheat flour. These kind of problem rarely happens to the company itself due to the different target group. Because the customers of the Company do not require good quality of wheat flour, hence; this affect is not related to company's business. Nevertheless, the Company has a contingency plan for this issue as followed:

- Focusing on the quality of products, the Company aims of producing products without any contamination which may have a negative effect on or even harm consumers. The Company also gives more importance to customers' needs by producing flour following customer's request (Tailor-Made Flour) in order to satisfy customers as well as enlarge target customers.
- After sale service is very significant for the Company. After buying product from the Company, customers can assure that the product is tested before delivery to them. If any complaints has made, the company will take action immediately within 7 days.
- The amount of order: Purchasing from aboard requires a large quantity which is a very high cost. It requires large warehouse in order to keep large quantity of wheat. These conditions support only large-scale enterprises not small-medium sized enterprise (SME). SME will have limitations in terms of budget and the warehouse. Therefore, ordering from the company is more flexible for customers and small entrepreneurs as they can order exact amount that they want.

The provision of products and services

Raw material of making wheat flour is wheat rice which absolutely has to import from aboard. The main source of raw material comes from USA and Australia which are the biggest agricultural commodities in the world like wheat. The company mainly orders wheat from USA as a whole (Bulk). An ordering period is around March and September of every year. Besides, the Company orders from Australia as a container which will order 3-4 times per month depending on demand at that time. There are two types of wheat rice used in the company which are 'Hard Wheat' and 'Soft Wheat'. Hard wheat is made of hard rice which has high protein approximate 13-15 percent. Hard wheat has sticky texture which is suitable for making instant noodle, fresh noodle, bread, and animal nutrition. All of hard wheat mainly comes from USA. While, wheat flour that is made from soft wheat has protein around 10-11 percent which has lower percentage than hard wheat. Unlike hard wheat, soft wheat has less sticky texture but soft texture which is suitable for making cake, Chinese bun, and cookie. Soft wheat comes from Australia.

For managing raw material, the company does not speculate in raw material since the price will vary according to the cost of wheat rice. All the customers also understand the way of the wheat needed to calculate. The process of wheat

buying will go under an international trader by using the price rate from 'Grain Exchange Market' in USA. The price that the company pays mostly is C&F type meaning a seller will manage the ship or a cargo in order to deliver to the company. However, the company is responsible for the insurance and the order incase an accident occurs during the delivery process. If an accident happens, the company will get compensation from insurance. Thus, the company totally pays attention to wheat quality as a main raw material of company's product by 'Quality Assurance' department so as to assure that wheat rice is in good standards.

Managing raw material, following business ethics, the company will keep wheat in an inventory no more than 4-6 months. If the company keeps wheat more than that period, it will cost lot of cost and negative effects. For instance, the Company has to be responsible for the cost of wheat owing to an unstable wheat price of the global market. These reasons can lead the company to risk in the case of wheat price reducing. Nevertheless, buying wheat rice from USA requires 'Bulk' buying; hence; the company must well manage all inventory not to stay too long. As a result, the Company needs to sell wheat rice to animal nutrition industry in order to clear inventory in time which means 4-6 months only. Selling wheat product to animal nutrition industry creates new partnership in the business.

Producing Process

The Company conducts production planning to be matched with marketing strategies. The company will evaluate between actual production and customer's demand from sale department in order to control the production planning effectively. Besides, the company makes a future plan of the next order like wheat rice order, chemical order etc.

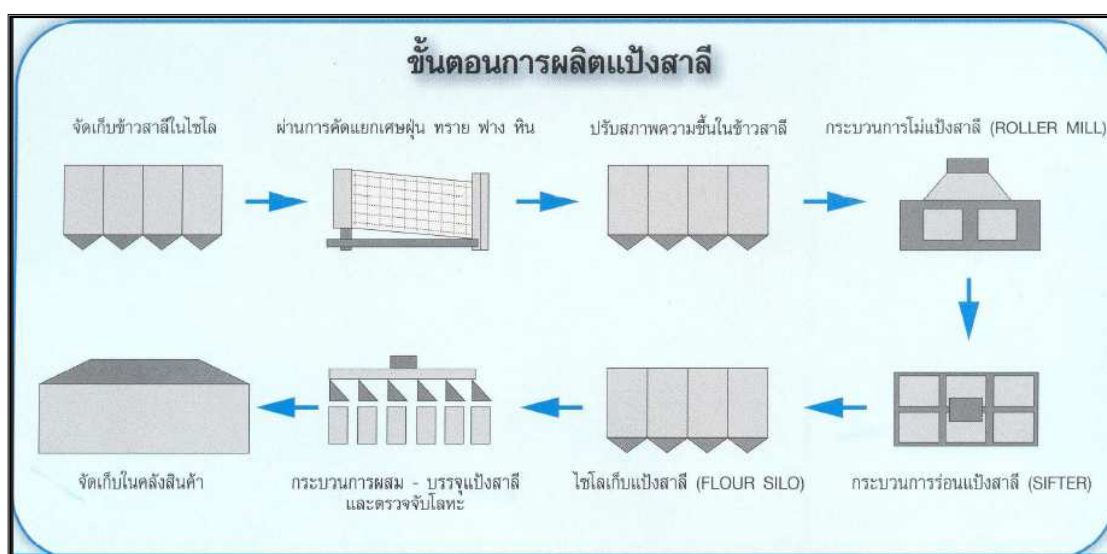
The Company totally pays attention to a production process since the product is related to food consumption which needs to remain hygiene. During the production process, there is a random check to control and evaluate products from a quality insurance department. The Company also sets a private sector to estimate the production department before making a package in every 2 hours.

Moreover, the Company chooses a novel technology for making wheat flour under the brand 'Buhler' imported from Switzerland. In addition, there is regularly checking up machines so as to follow the process of GMP/HACCP system. There are four main steps of production process as followed:

- 1) The wheat transfer (SILO): This is a process of moving wheat rice from major silo to minor silo so as to clean and adjust the wheat dampness preparing wheat rice for a production process. The company has 11 silos which are 8 huge silos (each silo has a capacity around 2,500 tons) and 3 small silos (each silo has a capacity around 300 tons). All silos are for storing wheat rice importing from abroad.
- 2) The Wheat Cleaning: This is the process that cleans the skin; adjust the dampness of wheat rice. This process is for fermenting wheat rice in order to be ready to mill wheat by detecting dirt, sand, stone, broken rice out of wheat rice. Then, wheat rice will be taken to a exfoliate process, a spraying process so that wheat rice can adjust itself to be ready to milling process. All wheat rice will go under whole process twice during the different time because there are many types of wheat rice. For instance, hard wheat takes 42 hours per 100 tons in cleaning process while soft wheat takes 30 hours per 100 tons.
- 3) The Milling Process: After the cleaning process has finished, this step is milling process by milling wheat twice. The first mill is for separating the wheat from the chaff. The second mill is for making wheat flour. There are rough

wheat flour and delicate wheat flour after milling process. The rough wheat flour will be grinded by a roller until it is ready to use. Wheat product will be flour, and rice bran which are 75 percent and 25 percent. Both flour and rice bran will be kept separately in different silos following each type of wheat rice.

- 4) The Blending and Packing Processes: This is the process that will bring wheat flour from different silos of different types of wheat blends together following customer's order. After that, it will sift flour to remove all dirt. The next step is packing flour into bags. Each bag has 22.5 kg of flour. Then, before kept all finished bags in warehouse, bags will be called final screen.



The length of production process is 9.5 days for hard wheat and 9.0 days for soft comparing with 100 tons. Nowadays, the Company has one assembly-line method. This method works 24 hours dividing into 3 shifts. Each shift can produce only one type of wheat. The highest production capacity is 250 tons per day. The production capacity's rates from 2009 to 2012 were 90.8, 82.6, 67.0, 84.30 percent. The rate of production capacity in 2010 and 2011 decreased due to weather conditions of main agricultural area resulting in high price of wheat rice. Therefore, the company had to adopt new production strategy and marketing strategy by centering on only high profit type of wheat. As a result, the company produced less wheat, still in 2012 and 2013, the production capacity's rate of the company has increased in 84.30 percent and 13.44 percent as followed.

| Wheat Flour Producing | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------|--------|--------|--------|
| Production Capacity (Ton/day) | 250 | 250 | 250 | 250 | 250 |
| The amount of capacity (Ton)* | 78,000 | 78,000 | 78,000 | 78,000 | 78,000 |
| The actual amount of capacity (Ton) | 70,813 | 64,408 | 52,264 | 65,754 | 74,594 |
| The Used of production capacity (%) | 90.8 | 82.6 | 67.0 | 84.30 | 95.63 |
| The amount of capacity's rate (decrease) (%) | +14.5 | -9.0 | -18.9 | +25.82 | +13.44 |

Remarks : *The Amount of days is 26 days produced per month)



An effect on environment

There is no environmental effect due to using novel technology as a producing process having no dirt of flour. Water system in the industry is for controlling the wheat's dampness by letting wheat absorb whole water into them having no waste water into the environment. The Company has no any environmental cases at all.

Work has not been delivered.

As of December 31, 2013 and 2012, The Company had on standing commitments to sell products that not been delivered baht 61.29 million and baht 75.60 million, respectively, all contracts a term not exceeding one year.

Asset using in the business

1. The main fixed asset used in the business

The Company has fixed asset for conducting a business after depreciation by using straight line method for 5-30 years depending upon types of assets. In December 31, 2012 and December 31, 2013 the Company asset was cost 332.0 million baht (THB) and 347.3 million baht (THB) according to a net book value as followed:

| Type of Assets | Type of Ownership | Net Book Value (Million Baht) | | Obligation |
|---|-------------------|----------------------------------|-----------------|----------------|
| | | Dec31, 2012 | Dec 31, 2013 | |
| 1. Building and Structure* 1 factory and 3 buildings situated in : 90/9 Moo 1 Soi Siam-Sailo Poo-Jao-Sa-Ming-Prai Road Sumrong Klang Prapradaeng Samutprakarn Province | Owner | 64.0 | 61.5 | No obligations |
| 2. Machines and Equipment | Owner | 229.9 | 217.7 | |
| 3. Decorations and office equipment | Owner | 1.9 | 3.3 | No obligations |
| 4. Vehicles | Owner | 7.7 | 7.2 | No obligations |
| 5. Utility System | Owner | 23.0 | 21.4 | No obligations |
| 6. Asset during the construction | Owner | 5.5 | 36.2 | No obligations |
| Total | | 332.0 | 347.3 | |


Remarks : * Buildings and an office are situated in the land rent from TSTE







During the year 2556 the Company received a loan from a financial institution , two of the new company . To release the mortgage securities , including any property . To be provided as collateral to the lenders party. Which in October 2556 , the Company successfully implemented . In addition, the financial institutions have reduced lending limit for letters of credit , trust receipts . Short-term loans And forward foreign exchange contracts . And adjust the loan terms Negative Pledge.

The company is expanding capacity by implementing the resolutions of the Board of Directors Meeting No. 2/2556 on 1 March 2556, the program has the property which is calculate the total value of the consideration as per Notification of the Capital Market Supervisory Board No. TorJor .20/2551 Rules on Transactions with significant acquisition or disposition of assets dated August 31, 2551 and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition . Assets BE 2547 dated 29 October 2547. Mentioned above classified as a category 2 in which the Company is required to disclose to the stock market. And a circular to shareholders within 21 days from the date of SET the company has already disclosed .

Intangible Assets

The company has 12 trademarks by registering with Department of Intellectual Property since March 27, 2012. When the process finished, the company will own trademarks for 10 years starting from the register date. The further information will be describes as followed:

| Information of trademarks and services | Logo of trade mark | Description |
|--|---|--|
| 1 Pung-Thong brand |  | Ready used flour for making whole wheat bread having high protein 50 percent. The flour is full of fiber, vitamins, mineral and antioxidant. |
| 2. Pung-Daeng brand |  | High wheat flour especially for making bread such as sandwich bread, baked bread etc. |
| 3. Pung-Lueng brand |  | Wheat flour for making bread which has sticky texture, and flexible texture. This flour is suitable for sandwich, doughnut, pastry, and pizza. |
| 4. Sen-Thong brand |  | Wheat flour for making instant noodle. |
| 5. Sen-Yok brand |  | Wheat flour for making high quality of Chinese noodle, fresh noodle and wonton paste. |
| 6 Sen-Lueang brand |  | Wheat flour for making fresh noodle or wonton paste. |

| Information of trademarks and services | Logo of trade mark | Description |
|--|---|--|
| 7. Luk-kling brand |  | All purpose wheat flour for making doughnut, pancake, cookie, tart, waffle, Chinese bun, and crispy bun etc. |
| 8. Gung-Hun brand |  | Wheat flour for making biscuit, waffle, pancake, doughnut, crispy bun etc. |
| 9. Ta-long-Pao brand |  | Wheat flour for making bun, Chinese bun, cake, cookie, moji, tart. |
| 10. Koo-Guo brand |  | Wheat flour for making deep-fried dough stick. |
| 11. hua-Jai brand |  | Wheat flour made by special process. This flour has soft white texture which is suitable for making butter cake, sponge, chiffon cake etc. |
| 12. GU-la-Deang brand |  | High protein wheat flour for making animal nutrition like shrimp, fish, dog etc. |

The investment policy of the company via subsidiaries and joint ventures

According to committees' opinion No. 3/2555 –March 15, 2012, there is an opinion about investment policies through subsidiaries and/ or joint ventures in the future. The Company may broaden its business in the future; hence, it is



important to have subsidiaries or joint ventures to support main business of the company. The company plans to appoint the committee to be one the board of subsidiaries or joint ventures in order to make policy supporting the Company.

Controlling subsidiaries and joint ventures always has to have a bilateral agreement with the Company. For example, an investment in the joint venture has to appoint committees following the company by comparing with the percentage of shareholders. While an investment in a subsidiary is different, the Company will appoint committees taking charge of a business upper than 50 percent of board members. If the subsidiary has a negative impact on the company's business severely, the subsidiary will ask permission from the board or even be investigated from the audit committees as well.

Risk Factors

According to business model of the Company, producing and distributing wheat flour effectively has to concern about various factors in order to achieve company's visions and objectives. For instance, it is significant for the Company to focus on finding good raw material, keeping raw material in good standard before production process, controlling the quality of wheat flour to be in good condition until reach to the customers, delivering products to customers including after sale-service. The Company needs to assure that customers are satisfy with the product and service from the Company by keep evaluating and researching any threats factors that make the Company cannot accomplish goal. Therefore, the Company has already estimated the risks that may occur in the future as followed:

The risk of depending on a same source or a same group of people

The risk by have no enough silos to store raw material (Wheat rice)

Nowadays, the Company has 11 silos consisting of huge and small sizes for keeping wheat rice as merely main raw material. Nevertheless, it is not enough for the Company to keep wheat rice within 11 solos. Sometimes, there are load of wheat rice importing from aboard. As a result, the Company has to rent silos or warehouses from related company by making a short-term contract. In the past, the Company rent warehouse from related company only 3 months contract. Nonetheless, it is very risky for the Company to rent from that source. For example, if the Company wants to continue the rent contract during that time but the landlord does not allow or the silo is not available, it will cost more money for the company in order to find new warehouse from outsource. Because the rent rate in nowadays is a special rate for the related company comparing with the out source's rate. From the past, the Company used to rent silo from related company but could not make it. Therefore, the Company had to rent from outsource which gain more cost to 0.6 million baht per 3 month per 1 silo. In fact the cost of finding silos from outsource is not too expensive. Thus, in the future, if the company wants to rent silo, the Company will rent from outsource without any negative effect. In 2013 Company to lease warehouses of companies throughout the year. Do not need to rent space from the warehouse to another, resulting in no additional cost from leasing of third party storage facilities.

Financial risks

Financial risks due to instability of interest rate

In the end of 2009, the Company had liability causing interest payment for shareholders which was 0.6 times and 1.2 times in 2010. The reasons of liability came from the restructure of capital and the paying of dividend. Thus, the Company asked for a loan from a financial institution. In 2011, the ratio of liability to the capital of the company was more than 1.4 times comparing to 2010 due to a short-term loan from financial institution for importing raw material. In 2012 the ratio of liability to the capital of the Company reduced to 0.4 times thanks to paying back a loan and adding more capital. Also, accumulate income has increased from 2011. In December 31, 2013 the company has a short-term loan from financial institution around 298.2 million baht and accrued interest payable around 10.6 million baht. The rate of interest is calculated by floating rate interest. If an interest rate is moved up, the company has to inevitably take responsible for the higher rate

affecting the profits of the Company. As a consequence, remuneration for shareholders will be decreased. Nonetheless, the Company realizes these consequences and regularly monitors a loan in a proper way.

The risk of the fluctuation in currency exchange rate

Wheat business in terms of producing and distributing uses wheat rice as a major raw material. Wheat rice has to imported from abroad. The payment method will use US dollar as an exchange rate. Unlikely, the company's distribution is merely in Thailand used Thai baht as a core exchange rate. For these reason, the Company has to encounter the risk of the fluctuation in currency exchange rate. If Thai baht depreciates comparing to US dollar, it will increase the cost of the company. On the other hand, if Thai baht appreciates comparing to US dollar, it will decrease the cost of the Company. Therefore, in order to reduce this risk, the company applies "Fixed Forward Exchange Rate" method meaning that the Company pre-order the currency under the committees' consideration. This method is for the company's benefit not for trading currency exchange. Using 'Fixed Forward Exchange Rate' helps company know the cost of imported material. In fact, the Company gained the profit from 2009 to 2012, 2013 which were 1.7 million baht, 4.3 million baht, 2.3 million baht and 2.5 million baht and 1.2 million baht. Nonetheless, these solutions cannot guarantee that the Company will gain profit from the fluctuation in currency exchange rate.

The risk of conducting a business

The risk of finding raw material (in terms of quality and quantity)

The main raw material making wheat flour is wheat rice. Wheat rice well grows cold weather. Unfortunately, Thailand cannot grow wheat rice. As a result, it is important for the company to import wheat rice from abroad. The countries where wheat rice well grows are USA, Australia, Canada, China, India, Argentina etc. Each wheat rice has different characters depending on the area that it was grown. The Company will purchase wheat rice from USA and Australia as main countries because of the exact percentage of protein that the company requires. If the company cannot get wheat rice in the required amount in terms of quantity and quality, it will cause negative effect to its business. The Company had an experience with Australia. At that time, Australia encountered drought making less wheat rice affecting the Company was at risk of not being able to find raw material following the client's order. However, the Company already has a prior agreement with the traders to produce wheat rice as well as a policy of controlling raw material in an inventory. Furthermore, there are many countries in the world grow wheat rice helping the Company can find another source like Canada, South Africa, China, or even India. Even though the quality of wheat rice from those countries is not as good as wheat rice from USA and Australia, the Company can use those wheat rice for producing wheat flour following customer's demand.

The risk of the fluctuation in Wheat rice's price

Wheat rice is one of the consumer goods having prior market called 'Grain Exchange' in USA. Wheat rice is a main cost of the company which is 90percent of the whole cost. The Company will purchase wheat rice twice a year on March and September. Each purchase will be around 20,000 tons. Each purchase can produce company's product for 4-6 months. If the cost of wheat rice changes, the cost and the profit of the company will change as well. The Company cannot immediately change the price of the product owing to the Department of Internal Trade of Thailand. If the Company wants to raise the

price of wheat flour, it needs to inform the Department of Internal Trade of Thailand. However, the Company always follows up the wheat price in the global market in order to reduce the fluctuation in wheat rice's price. During the very high price of wheat rice, the Company will purchase wheat rice only the exact amount needed to use or apply "Fixed Forward Exchange Rate" method. In addition, the Company has research and development department (R&D) so as to conduct a research related to species of wheat rice so that the company can use cheap wheat rice making flour in the same standards. All of the solutions, it helps the Company gain more gross profit from 2009 to 2011 which is 12.97 percent, 18.0 percent, and 18.2 percent. Even though the Company has solutions as mentioned above, the effect of wheat price's fluctuation has an adverse impact on the Company making gross profit of the company decreases to 16.1 percent and 14.8 percent in 2012 and 2013.

The risk of the fluctuation in the transportation cost (Oil price)

The company imports wheat rice by sea shipping. Therefore, sea shipping is another cost of making flour. Freight rates will be related to world oil price. If oil price increases, freight rates will increase as well. Moreover, if the demand of sea shipping increases, the freight rate will increase inevitably. This is an uncontrollable cost. The solution of the company is importing bulk of wheat rice at one time helping the company save its shipping cost. Another way is ordering the bulk of wheat rice at the same time as other rice mill companies. Then they can use the same vessel so as to transport the wheat rice into Thailand.

The risk of no forward contract in terms of the fluctuation in raw material's price

Purchasing raw material, the company has no forward contract (or futures contract) in order to prevent the fluctuation in raw materials price. Nonetheless, the price of wheat flour will vary from the price of wheat rice. During the high price of wheat rice in global market, the company will increase price of wheat flour for the customers who do not have a contract. While long-term contract customers, the company has to maintain the price following its contract. During the low price of wheat rice in the global market, the company needs to take immediate action by speeding selling the wheat up including animal nutrition industry. Furthermore, the company applies "Fixed Forward Exchange Rate" method in order to protect the fluctuation of cost that may occur. All of these solutions help the company increase profits of the company from 2009 to 2011 12.97 percent, 18.0 percent, 18.2 percent. Nevertheless, during intense wheat price's fluctuation, the company is still had a negative effect on profit causing the reduction of profit to 16.1 percent and 14.8 percent in 2012 and 2013.

The risk of Government Policy

The risk of price control of wheat rice

In 2009, Department of Internal trade has announced that wheat rice is a product needed to be control price. The entrepreneurs have to declare the cost of production, the cost of importing the material, other cost, the selling price of the wheat flour etc. The selling price declared to Department of Internal Trade is a price ceiling that is the maximum price the company is allowed to charge for a product. Hence, if the cost of raw material increases over the price ceiling, it will be very difficult for the company to mark up the price which will affect the profit of the company. In fact, the cost and the selling price are always lower than the price ceiling. However, if the cost of raw material increases, the company will declare to the government to add more price ceiling. The company realizes these risks so that the company will do its best to produce good

products with high quality as well as customers service to satisfy customers of all level. The concerning of products and services is very necessary since there are many competitors both Thailand and aboard. Gross profits of the company from 2009 to 2013 have increased to 12.97 percent, 18.02 percent, 18.22 percent, 16.14 percent and 14.81 percent.

The risk of Free Trade Area of Imported Wheat flour (FTA)

Before 2005, Thailand imposed tariffs on wheat flour imports to 40 percent helping wheat flour industry in Thailand get a protection. However, after Thailand made an agreement with Asian Free Trade Area (AFTA) and Free Trade Area (FTA) with India, and Australia, Thailand changed tariffs on imports to 5.0 percent in 2005. January, 2010 Tariffs on wheat flour imports among Asian was 0 percent causing price competition become aggressive. Besides, the reduction of wheat flour import supports company's customer to directly order wheat flour from aboard instead of buying from the company in Thailand. The company will have less sale volume resulting in less profit. Nonetheless, so far AFTA's agreement has not affected much through the company's business. Still, the company has management plans on this risk as mentioned:

1. Centering on product's quality; the company will center on hygiene that the product will not have any contamination which may harm consumers.
2. An after-sale service: when customers purchased products, the company will monitor quality of products every time. If there are any complaints about the quality of wheat flour, the Company will immediate take an action within 7 days.
3. The amount of order: The Company has a flexible policy for customers in order to purchase wheat flour. For example, customers do not need to have warehouse to keep wheat flour but they can order exactly amount that they want. The company also product wheat flour following customer's order as well as having scientist's team to improve, develop the formula of wheat flour to satisfy customer's need.

The risk of having major shareholders in the company more than 50 percent

In December 31, 2013 a major shareholder of the company was Thai Sugar Terminal Company Limited (TSTE) which held share 69.34 percent of authorized capital. Thais percentage was more than 50 percent helping TSTE control all votes from committees. For instance, TSTE can control committee's election, or any other votes requiring majority vote excepting the topic that has to abide by law. That exception vote needs 3 out of 4 from shareholders. As a result, other shareholders are in at risk that they may be not balance power on meetings.

Nevertheless, for the sake of business's transparency and power balance, the company adjusts an organization's structure so as to be more effective and be able to investigate. The Company has 12 committees including audit committees; however, all of them are not the major shareholders. (There are 4 major shareholders). Furthermore, the company set a private internal investigate department directly working for the audit committees. This private department takes charge of monitor internal system to run properly and investigates the working process of management department to run transparently. Moreover, if any committee, boards or executives are investigated, they will have no right to vote in any meeting and have to follow the law of Securities and Exchange Commission Thailand.

The Structure of stockholders and management

The amount of capital registration and paid

As of December 31, 2013 The company has registered capital of 285,000,000 baht. Divided into 285,000,000 ordinary shares of the stock. Par value of Baht 1 per share as paid-up capital of 285,000,000 shares representing 285,000,000 baht. By listed companies (mai)

Shareholder

List of shareholders and shareholding ratio of registered capital and paid up. As it appears in the list of shareholders of the Company as at 12 March 2014 are as follows.

| No. | Name | No. of Share | % |
|-----|--|--------------|--------|
| 1 | Thai Sugar Terminal Public Company Limited | 197,633,100 | 69.34 |
| 2 | Mr.Worawit Leenabunjong | 5,221,300 | 1.83 |
| 3 | Capital Engineering Network Public Company Limited | 3,913,000 | 1.37 |
| 4 | Mr.Num Chonsaipan | 2,897,600 | 1.02 |
| 5 | THAI NVDR Co.,Ltd | 2,874,935 | 1.01 |
| 6 | Mr.Chaisit viriyamettakul | 2,409,800 | 0.85 |
| 7 | Mitkasate Industry Company Limited | 2,103,639 | 0.74 |
| 8 | Mrs.Nusara Peansupap | 2,080,083 | 0.73 |
| 9 | Mr.Chockanan Mahuckpongdamrong | 2,034,300 | 0.71 |
| 10 | Mr.Sumit champrasit | 1,640,000 | 0.58 |
| | Top 10 shareholders. | 222,807,757 | 78.18 |
| 11 | Other minor shareholders. | 62,192,243 | 21.82 |
| | Total shareholders | 285,000,000 | 100.00 |

Remark : 1. Representative of the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED As a director in Company have Total 9 persons as follow Mr.Preecha Attavipach Mr.Prepas Chutimavoraphan Mr.Chanachai Chutimavoraphan Mr.Narong Janelapwattanakul Dr.Supasorn Chayowan Mr.Chalush Chinthammit Mr.Somchai Chinthammit Mr.Thanadol Sujipinyo and Dr.Charnkrij Dejvitak

2. List of shareholders of TERMINAL PUBLIC COMPANY LIMITED ("TSTE") Top 10 as 17 February 2014

| No. | Name | No. of Share | % |
|-----|---|--------------------|--------------|
| 1 | Khon Kaen Sugar Industry Public Company Limited | 34,583,736 | 23.82 |
| 2 | Mr.Chanachai Chutimavoraphan | 24,173,680 | 16.65 |
| 3 | Prachuap Sugar Industry Company Limited | 14,109,084 | 9.72 |
| 4 | Ms.Yaowanuch Dejvitak | 11,881,540 | 8.18 |
| 5 | Ms.Yaowaluck Chutimavoraphan | 10,305,559 | 7.10 |
| 6 | Rajburi Sugar Company Limited | 6,882,480 | 4.74 |
| 7 | Mitkasate Industry Company Limited | 6,070,898 | 4.18 |
| 8 | Mr.Prepas Chutimavoraphan | 4,977,732 | 3.43 |
| 9 | Ms.Boonprom Chinpilas | 3,585,560 | 2.47 |
| 10 | Ms.Putcharree Chinthammit | 1,506,997 | 1.04 |
| | Total | 107,083,315 | 81.33 |

Organizational Structure

The Structure of the Board of Directors comprises 4 Boards, the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and Executive Director. There are name lists and scope of the authority as follows:

Board of Directors

As at February 28, 2014, there are 12 directors as follows:

| No. | Name List | Position | Board Meeting | |
|-----|-------------------------------|--|--------------------|---------------------|
| | | | Number of Meetings | Number of Attendees |
| 1 | Mr. Pricha Attavipach | Chairman Independent Director | 12 | 12 |
| 2 | Mr. Prapas Chutimaworaphan | Director Executive Chairman | 12 | 12 |
| 3 | Dr. Charnkrij Dejvitak | Director Executive Vice Chairman Managing Director | 12 | 9 |
| 4 | Mr. Chaichana Chutimaworaphan | Director Managing Director | 12 | 12 |
| 5 | Mr. Narong Janelapwattanakul | Director Managing Director | 12 | 11 |

| No. | Name List | Position | Board Meeting | |
|-----|----------------------------|---|--------------------|---------------------|
| | | | Number of Meetings | Number of Attendees |
| | | Nomination and Remuneration Committee*** | | |
| 6 | Mr. Chalush Chinthammit | Director Managing Director** | 12 | 11 |
| 7 | Mr. Thanadol Suchupinyo | Director Managing Director** Nomination and Remuneration Committee*** | 12 | 12 |
| 8 | Dr. Supasorn Chayowan | Director Managing Director* Nomination and Remuneration Committee***** | 12 | 11 |
| 9 | Mr. Somchai Chinthammit | Director Nomination and Remuneration Committee | 12 | 11 |
| 10 | Mr. Somchai Wanawithaya | Chairman of Audit Committee Independent Director | 12 | 11 |
| 11 | Mr. Anek Kumchum | Audit Director Independent Director Chairman of Nomination and Remuneration Committee**** | 12 | 9 |
| 12 | Mr. Chaleumchai Wongwaiwit | Audit Director Independent Director | 12 | 11 |

Note : Ms. Juthamas Malai has been appointed to be the secretary to the Board of Directors since the Board of Directors meeting No11/2556 on November 28, 2013 and periods beginning on November 28, 2013.

* The Executive Director, Dr. Supasorn Chayowan resigned on March 31, 2013

** Executive Director, Mr. Chalush Chinthammit and Mr. Thanadol Suchupinyo was appointed on September 26, 2013

*** Nomination and Remuneration Committee of Mr. Narong Janelapwattanakul and Mr. Thanadol Suchupinyo was retired since as Managing Director

**** Nomination and Remuneration Committee of Mr. Anek Kumchum was appointed on February 27, 2014 and was elected as Chairman of the meeting held on March 7, 2014

***** Nomination and Remuneration Committee of Dr. Supasorn Chayowan on February 27, 2014

Authorized Directors

The Board of Directors have been appointed as authorized directors, namely, Mr. Prapas Chutimaworaphan, Mr. Narong Janelapwattanakul, Mr. Chaichana Chutimaworaphan, Dr. Charnkrij Dejvitak, Mr. Thanadol Suchupinyo, Mr.



Chalush Chinthammit. Any two of the authorized directors are authorized to sign jointly on behalf of the company with the company's seal.

Scope of Authority and Responsibilities of the Board of Directors

Directors' Meeting No. 5/2010 on May 27, 2010 has approved the scope and authority and responsibilities of the Board of Directors as follows:

1. Determining the goals, policies, plans, budgets and operating direction of the company. As well as controlling and overseeing the man of the management or any other persons, which was assigned to perform according to the defined policy effectively and effectiveness. Overseeing to ensure that management or any other persons, have complied with the Commission's policies. Acting in a best interest of shareholders.
2. Directing the Company's operation in compliance with the laws, objectives, the Company's Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.
3. Auditing and approving policies and procedures for large investment projects of the Company according to the proposed by the sub-committee and/or the management.
4. Acting in a best interest of shareholders and disclosing information to shareholders accurately, completely, and transparently.
5. Reviewing the operating plan, strategies, budget, and business goals and reviewing management development plan and the succession plan for the board while overseeing to ensure the effective performance assessment of management on an annual basis.
6. Appointment, assignment or recommendation the sub-committee or working group to consider or act in a particular subject, the Board of Directors deems appropriate.
7. Implementation of the company's internal audit measures to achieve an effective internal control system. Including risk management and reliability of financial reporting by providing internal audit unit is monitored and conducted in collaboration and coordination with the Audit Committee.
8. Preparation of the Annual Report and responsible for the preparation and disclosure the Statements of Financial Position and results of operations in recent years to propose to the shareholders' meeting.
9. Arrangement the annual general meeting of shareholders within four months after the end of year.
10. Considering and approval any necessary benefits of the Company.

The followings, the Board of Directors shall be made only when approved by the the shareholders' meeting are:

- A) Any matter required by law to be resolved by the general meeting of shareholders. And
- B) Any matter which the Director has a conflict of interest and in the law, or the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand, specified must be approved by the general meeting of shareholders.

The decision of the Board to proceed in the followings. The Board will act only when approved by the shareholders' meeting by a vote of not less than 3 in 4 of all votes.

- (A) The sale or transfer all or a substantial part of the company to other persons.

- (B) The purchase or acquisition of another company.
- (C) The amendment or termination all or a substantial part of the company. Assignment to others to manage the businesses of the company or merger with another person. Its purpose to share profit and loss.
- (D) The amendment of the Memorandum of Association or Articles of Association.
- (E) Recapitalization, reduction of capital or stadiums of the company.
- (F) The merger or dissolution of the company.
- (G) Any other specified under the provisions of the Securities and Exchange Commission and/or the Stock Exchange of Thailand that have been approved by the Board of Directors and the shareholders' meeting by a vote.

In any matter in which the director has an interest or a conflict of interest with the company, must be not vote on the matter.

The Board of Directors also has the duties of overseeing the Company's compliance with the Securities and Exchange Commission, requirements of the Stock Exchange such as related transactions, acquisition or disposition of assets, under the rules of the Stock Exchange of Thailand or according to the Securities and Exchange Commission or the laws relating to the business of the company.

The Audit Committee

The Audit Committee of the company has structure, which is independent of the executive. This includes the luminary, which is independent director of the executive and major shareholder of the company. In addition, Possesses qualification according to the notifications of the Stock Exchange of Thailand and/or the Securities and Exchange Commission.

As at December 31, 2013, the Audit Committee of the company comprises 3 auditors as follows:

| No. | Name List | Position |
|-----|----------------------------|-----------------------------|
| 1 | Mr. Somchai Wanawithaya | Chairman of Audit Committee |
| 2 | Mr. Anek Kumchum | Audit Director |
| 3 | Mr. Chaleumchai Wongwaiwit | Audit Director |

Note : Ms. Juthamas Malai has been appointed to be the secretary to the Board of Directors on November 28, 2013

There are Mr. Somchai Wanawithaya and Mr. Chaleumchai Wongwaiwit as auditors, who have sufficiently knowledge or experience in accounting and finance to verify the credibility of the financial statements.

Scope of Authority and Responsibilities of the Audit Committee

Directors' Meeting No. 5/2010 on May 27, 2010 has approved the scope of authority and responsibilities of the Audit Committee as follows:

1. Check that the Company has an appropriate financial reporting system and disclosure of information in

- its financial statements in accordance with the legally defined accounting standard, with transparency, correctness, and adequacy. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the company.
2. Check that the Company has appropriate and effective internal control and internal audit systems and consider the independence of the internal audit. According to approve the appointment, removal, transfer or dismissal of the chief internal audit or any other agency responsible for internal audit.
 3. Check that the Company is in full compliance with the Securities and the Stock Exchange Law and other laws relating to the Company's business.
 4. Consider, select, propose the appointment and remuneration of, and assess the efficiency of the company's independent auditor. According to organize meetings with the Company's auditor, without the attendance of management, at least once a year.
 5. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
 6. Prepare the Audit Committee's report to be disclosed in the company's Annual Report and duly signed by the Chairman of the Audit Committee and containing comments as follows:
 - (A) Comments on the transparency, correctness, and adequacy of financial statements
 - (B) Comments on the adequacy of internal controls of the company
 - (C) Comments on compliance with the Securities and the Stock Exchange Law and other laws relating to the company's business
 - (D) Comments on the suitability of the auditor
 - (E) Comments on transactions that may have conflict of gain
 - (F) Number and attendance of the meetings of the Audit Committee
 - (G) Comments or observations by the Audit Committee has performed its duties under the Charter
 - (H) Shareholders and investors should be aware of other items, which is under the scope of duties and responsibilities assigned by the Board of Directors.
 7. Perform any other duties assigned by the Board of Directors with the consent of the Audit Committee.
 8. Have the authority to conduct inspections and investigations as required on various matters. Which may have a significant impact on the financial position and results of operations of the company including :

- (A) Transactions which may cause conflicts of interest
- (B) Fraud or irregular events or material flaws in the internal control system
- (C) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the company's business

The Committee may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the company's expense. The Audit Committee is responsible for the inspection and investigation reports to the Board of Directors of the company to rectification within the Audit Committee deems appropriate.

The Nomination and Remuneration Committee

Board of Directors Meeting No. 2/2014 on February 27, 2014 approved the appointment of the Nomination and Remuneration Committee for the existing committee, namely, Mr. Anek Kumchum and Dr. Supasorn Chayowan. As at February 27, 2014 the Nomination and Remuneration Committee comprises 3 persons as follows:

| No. | Name List | Position |
|-----|------------------------------|---|
| 1 | Mr. Somchai Chintummit | Chairman of Nomination and Remuneration Committee** |
| 2 | Mr. Anek Kumchum | Chairman of Nomination and Remuneration Committee |
| 3 | Mr. Somchai Chintummit | Nomination and Remuneration Committee |
| 4 | Mr. Narong Janelapwattanakul | Nomination and Remuneration Committee* |
| 5 | Mr. Thanadol Suchipinyo | Nomination and Remuneration Committee* |
| 6 | Dr. Supasorn Chayowan | Nomination and Remuneration Committee |

Note : * Nomination and Remuneration Committee has appointed 2 for the existing committee, namely, Mr. Anek Kumchum and Dr. Supasorn Chayowan

 ** Mr. Somchai Chintummit is original of the Nomination and Remuneration Committee

Scope of Authority and Responsibilities of the Nomination and Remuneration Committee

Board of Directors' Meeting No. 4/2012 on April 19, 2012 resolved to determine the scope and authority and responsibilities of the Board Nomination and Remuneration Committee as follows:

1. Specify qualifications of any person to be nominated for directorship ,considering diverse candidates with skills, experience, gender and expertise useful for the company
2. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the committees
3. Report regularly on progress and performance results to the Board of Directors

4. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the committees appointed by the Board of Directors, including bonus and attendance fee. Recommend the policy on the management remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each top executive
5. Perform other duties as assigned by the Board of Directors

Executive Directors

Board of Directors Meeting No. 9/2013 on September 26, 2013 approved the appointment of the The Board of Directors, including the authorized directors of 2 more, namely, Mr. Thanadol Suchipinyo and Mr. Chalush Chinthammit. As at December 31, 2013 the Board of Directors comprises 6 persons as follows:

| No. | Name List | Position |
|-----|-------------------------------|---|
| 1 | Mr. Prapas Chutimaworaphan | Executive Chairman |
| 2 | Dr. Charnkrij Dejvitak | Managing Director and Executive Vice Chairman |
| 3 | Mr. Narong Janelapwattanakul | Executive Director |
| 4 | Mr. Chanachai Chutimaworaphan | Executive Director |
| 5 | Mr. Thanadol Suchipinyo | Executive Director* |
| 6 | Mr. Chalush Chinthammit | Executive Director* |

Note : Ms. Juthamas Malai has been appointed to be the secretary to the Board of Directors on November 28, 2013

* Appointed to be the secretary to the Executive Director on September 26, 2013

Scope of Authority and Responsibilities of the Executive Directors

Board of Directors' Meeting No. 7/2010 on July 29, 2010 has approved the scope of Authority and Responsibilities of the Executive Directors as follows:

1. Operation and administration of the company under the rules, regulations, policies, objectives, regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the company in all respects.
2. Consider and determine the policy, the direction, the business strategy, the budget planning, Human Resources Management of the company and the investment in information technology. Including regulatory controls the operation of the working group.
3. Consider allocating the annual budget according the management proposal before it is presented to the Board for consideration and approval.
4. Is authorized to approve to spending the money in the process of business, such as purchasing raw materials, machinery, vehicles, property, auctions, etc. Not exceeding the limit 10 million baht for each item and approval

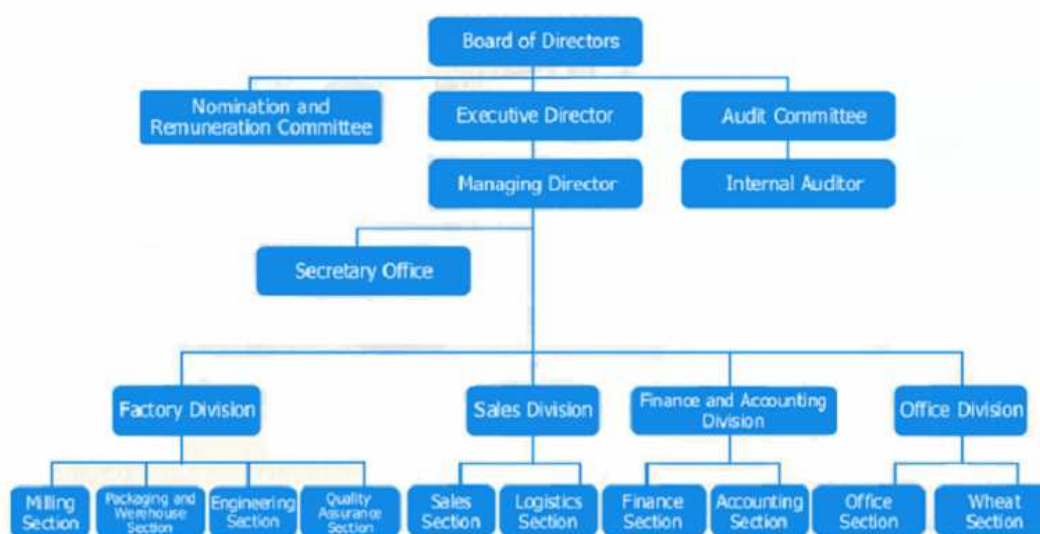
- for the purchase of raw materials including wheat not exceeding 250 million baht for each item. And report to the Board of Directors.
5. Approve of the major capital investment expenditures as provided in according the annual budget by the Board of Directors or got approval in principles.
 6. Is authorized to approve the loan, acquisition of credit, issuance of debt, including loans or guarantees of loan, or any loans of company.
 7. To be an advisory of management with regard to the financial and marketing policies, personnel management and the other operations.
 8. Determine the organizational structure, organizational management, including the appointment, hiring, assignment, transfer, salary, commissions, bonuses of the staff and dismissal.
 9. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors. Review and make appropriate recommendations in keeping it up-to-date.
 10. Any other operations assigned by the Board of Directors occasionally

The Authority and Responsibilities of the Executive Directors is excluding the conflict approval or related with benefits of all stakeholders or subsidiaries under the rules of the Stock Exchange of Thailand or according to the Securities and Exchange Commission or the laws relating to the business of the company.

Executive Directors

Organizational Chart

At the Board of Directors' Meeting no. 1/2013 on January 31, 2013



Note : Dharmniti Auditing Co., Ltd is responsible for internal control

As at February 28, 2014 The Executive Directors comprises 7 persons as follows:

| No. | Name List | | Position |
|-----|----------------|---------------|--------------------------------|
| 1 | Dr. Charnkrij | Dejvitak | Managing Director |
| 2 | Mrs. VaawDao | Netrpant | Finance and Accounting Manager |
| 3 | Miss Surangrat | Jongprosopsap | Factory Manager |
| 4 | Mr. Suntorn | Sooksamran | Sale Manager : Team A |
| 5 | Mr. Piyadol | Deekajorndej | Office Manager |
| 6 | Mr. Hirun | Kongboonkert | Sale Manager : Team B |

Note : Mr. Piyadol Deekajorndej is responsible for internal control resigned since October 23, 2013

Scope of Authority of the Managing Director

Board of Directors' Meeting No. 7/2010 on July 29, 2010 has approved the scope of authority of Managing Director as follows:

Executive Directors are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation.

The scope of authority and responsibilities of the Managing Director as follows:

1. Oversee operation and/or daily administration of the company.
2. Operation or performance in accordance with the policies, plans and budgets have been approved by Board of Directors and/or Executives of the company.
3. Authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan.
4. To have the power to mandate period And/or assigned to another person to work only, instead, by the authority range and/or the assignment is under the scope of authorization by the power of attorney of this contract and/or according to the regulations, regulations, or order the company's Board of Directors and/or the company increasing continuously.
5. Follow up and evaluation of the company regularly to prevent the risk of such factors whether internal and external.
6. Consider to enter into a contract with the company's business, and various contracts which benefits of the company. As well as the steps and ways of developing such a contract to present to the Board of Directors.



7. Approve the spending money in the normal business of the company, such as contact about the bank account
The purchase of raw materials in the production The limit for each item, no more than 100,000 baht, respectively.
8. Allocate money reward, benefits, or various rewards which has been approved by the Board of Directors for employees or any person that do business for the company.
9. Consider hiring employees and placement, as well as the transfer of cross-functional/division/Department or retire employees. Including set the wages compensation, bonuses and welfares for all employees except Executive Directors.
10. Determining the goals, policies, plans, budgets and operating direction of the company. As well as controlling and overseeing the man of the management or any other persons, which was assigned to perform according to the defined policy effectively and effectiveness.
11. Any other operations assigned by the Board of Directors occasionally

The Authority and Responsibilities of the Managing Director is excluding the conflict approval or related with benefits of all stakeholders or subsidiaries under the rules of the Stock Exchange of Thailand or according to the Securities and Exchange Commission or the laws relating to the business of the company.

The Company Secretary

The Board of Directors of T S FLOUR MILL PUBLIC COMPANY LIMITED appointed Miss Juthamas Malai as the company secretary since November 28, 2013. The qualifications of the Company Secretary announced in attached 1

The Remuneration for the Board of Directors and Executives

(1) Director Bonuses

(A) The Remuneration for the Board of Directors

Board of Directors Meeting No. 1/2013 on April 25, 2013 set the highest limit for remuneration and bonuses of the Directors, the Audit Committee and Board of Directors in 2013. Assign to the Nomination and Remuneration Committee to consider allocation of Remuneration from the maximum limit of shareholders to approve a monthly remuneration for each of you as appropriate. The bonuses to pay in the ended year are in the discretion of the Committee. The details of the Remuneration for the Board of Directors year 2013 as follows:



| No. | Name List | Position | Remuneration (Baht) | | | | |
|--------------|-------------------------------|---|---------------------------|------------------------|---|-----------|-----------|
| | | | The Board of Directors | The Audit Committee | The Nomination and Remuneration Committee | Bonus | Total |
| 1 | Mr. Pricha Attavipach | Chairman | 420,000 | - | - | 157,500 | 577,500 |
| 2 | Mr. Prapas Chutimaworaphan | Executive Chairman | 300,000 | - | - | 112,500 | 412,500 |
| 3 | Mr. Chanachai Chutimaworaphan | Executive Director | 300,000 | - | - | 112,500 | 412,500 |
| 4 | Mr. Narong Janelapwattanakul | Executive Director Nomination and Remuneration Committee | 300,000 | - | 5,000 | 112,500 | 417,500 |
| 5 | Dr. Supasorn Chayowan | Director Managing Director | 300,000 | - | - | 112,500 | 412,500 |
| 6 | Mr. Chalush Chinthammit | Director Managing Director | 300,000 | - | - | 112,500 | 412,500 |
| 7 | Mr. Somchai Chintummit | Director Nomination and Remuneration Committee | 300,000 | - | 5,000 | 112,500 | 417,500 |
| 8 | Mr. Thanadol Suchipinyo | Director Executive Director Nomination and Remuneration Committee | 300,000 | - | 5,000 | 112,500 | 417,500 |
| 9 | Dr. Charnkrij Dejvitak | Director Managing Director | 300,000 | - | - | 112,500 | 412,500 |
| 10 | Mr. Anek Kumchum | Director Audit Director | 300,000 | 60,000 | - | 135,000 | 495,000 |
| 11 | Mr. Wongwaiwit Chaleumchai | Director Audit Director | 300,000 | 60,000 | - | 135,000 | 495,000 |
| 12 | Mr. Somchai Wanawithaya | Director Chairman of Audit Committee | 300,000 | 120,000 | - | 157,500 | 577,500 |
| Total | | | 3,720,000 | 240,000 | 15,000 | 1,485,000 | 5,460,000 |

(2) Others Remuneration

○ N/A

(A) The Remuneration for the Board of Directors and Executives

(1) Board of Directors and Executives Bonuses

The company has the remuneration to the board of directors and executives by considering responsibilities, suitable for business and industry in the same level. Approved by the approval of the Nomination and Remuneration Committee in return. In the year 2006, the Board of Directors and Executives Bonuses at amount 17,675,392 baht, which contains the meeting allowances and bonuses.

| Remuneration | 2013 | |
|-----------------|--|----------------------|
| | No. of the Board of Directors and Executives | Amount (Baht) |
| Salary | 11 | 11,936,613.00 |
| Bonus | 11 | 4,411,575.00 |
| Provident funds | 11 | 157,856.00 |
| Benefits | 11 | 17,197.50 |
| Total | 11 | 16,523,241.50 |

Note :

- “Executive” In this means Executives of the company no. 1-4 according to the definition in the post of the Securities and Exchange Commission. Excluding the directors that are not management positions, comprises 6 managing directors. There are Managing Director, Finance and Accounting Manager, Factory Manager, Sale Manager : Team A, Office Manager and Sale Manager : Team B
- The company and employees of the company jointly established the provident fund by effective date since September 1, 2009.

(2) Others Remuneration

1. Managing Director : A position, driver and the petrol
2. Sale Manager : Team A : A position and the petrol
3. Office Manager : A position and the petrol
4. (On behalf) Sale Manager : Team B : A position and the petrol

Corporate Governance

Boards of directors aim to conduct a business under good standard of Securities and Exchange Commission Thailand and The Stock Exchange of Thailand as main factors to develop an organization.

The policy of business control

Boards of directors pay attention to well business operation by delegating 3 sections which are Audit Committees, Boards of Directors, and Risk Management Committees. Audit committees take responsibility of monitoring company's business to deliberately scrutinize tasks for the sake of shareholder's benefits with transparency, and honesty. All committees have qualification and responsibility as required by The Stock Exchange of Thailand which had been written.

1. The right of shareholder

Board of directors will facilitate shareholders by treating everyone with equity without keeping information away shareholders. Boards of directors will set the date, time, place, and topics as well as important information to shareholders before the meeting date. Boards will also publish that information via the Internet on company's website in order to give time for shareholders before making a decision at the meeting. Boards also give an opportunity for shareholders to share their opinions, ask questions, and have a vote. Besides, boards allow shareholders send any questions that they want to ask in the meeting in advance. All the committees including all chairman will attend a meeting as well.

2. Treating shareholders with Equity

The Company realizes that protecting fundamental right of shareholders is essential. All shareholders include boards' shareholders, shareholders, foreign shareholders, minor shareholders. The Company will work with efficiency for its credibility so that the future investors will be willing to invest in company's business.

- The Company sets an annual meeting with shareholders within 4 months since the fiscal year. If there are any urgent issues need to have meeting related to gain lost profits of shareholders, the Company will call a meeting case by case.
- The Company gives a chance for minor shareholders to nominate a person as board of directors. If any shareholders could not attend the meeting, they can empower to a person coming to vote instead. It is better for shareholders to offer an independent committee in the case of empowerment.
- The committees formulate policies for protecting the Company in case board of directors makes use of company's information for their own benefits illegally. These policies have been written and informed to everyone in order to abide by the policy strictly.
- The boards of directors should let all committees and executives reveal their information related to gain and lost benefits so that the committees and the boards will give careful consideration for company's benefits. The committees who gain or lose among those transactions should not be part of a making decision process.

3. The role of a Interested Person

The Company emphasizes on monitoring and concerning about everyone who affects the company's profit and deficit such as employees, customers, shareholders, including a society and the environment. The committees have strong confidence that those people will get the best taking care from the company thoroughly by mentioning everyone step by step in order not to make any mistake. The boards of directors will report other information apart from financial report showing that all those people will get the good taking care of as a part of company's decision-making process.

Nonetheless, the committees clearly formulate method as a guide line in order to satisfy people who affect the company's profit and deficit. As a result, boards of committees, executives, and employees will adopt methods as followed:

Shareholders: The executives have strong determination conducting a business in order to satisfy shareholders by:

- Working with honesty, sincerity, fairness to shareholders both major and minor shareholders for their own benefits.
- Running the Company with consciousness and prudence in order to prevent risks from shareholders in the future.
- Adopting knowledge, management skill at the best of their ability in any situations.
- Managing company's assets properly by not letting them be stolen or destroyed.
- Always reporting the Company's situation with full details as well as informing all shareholders of company's future both positive and negative sides which is based on true and sufficient information.
- Not taking advantage of the Company for themselves by using company's information that has not been in the public.
- Not leaking secret information to competitors.
- Not doing anything which cause harm for company's interest.

Employees: The Company treats everyone equally as followed:

- Having a good remuneration system for employees which can be compared with other same group of industry.
- Maintaining good working environment in order to safe for employees.
- Having human resource department to appoint, transfer, punish, and give a reward to employees with fairness by being based on employee's knowledge and ability.
- Paying attention to employee's knowledge and ability by giving them opportunities to improve them thoroughly.
- Listening opinions and suggestions based on employee's skills and knowledge.

Traders:

- Implementing the contract of all traders and avoiding cheating in any situations.
- Abiding by regulations without tarnishing competition's reputation.

Customers: The Company will take care and take full responsibility for customers by:

- Providing high quality of all products.
- Revealing full product's information and services without any distortion by concerning about the benefits of customers.
- Providing product insurance under the suitable conditions to the customers.
- Not delivering products and services to the customers if they are any defects that may harm consumers. Also not delivering products or services which are low quality to the customers
- Not letting customers misunderstood about the quality, price, quantity or any other conditions of the products and services.
- Setting customer service system allowing customer to complain about products and services of the Company so that customers will immediately receive what they want.
- Keeping customers' secret and not illegally using customers' information for company's benefit.
- Reducing cost of production process by maintain high standard of products and services to increase the benefits to customers.
- Keeping promises that have made with customers seriously. If the Company cannot make it happened, the Company should immediately inform customers in advance so that the Company and customers will find another solution.
- Not profiteering or not setting unfair price to customers.

Competitors: The Company will well perform under the rule of competition by:

- Following the rule of competition
- Not seeking competitor's secret with illegal or inappropriate way.
- Not trying to destroy reputation of competitors by making an accusation.

Public Society: The Company takes a responsibility for society and the environment by:

- Not doing anything that hazard to the environment.
- Always supporting in any activities helping to create a better society.
- Seriously educating moral responsibility towards employees of all levels.
- Controlling to abide by laws.
- Not helping or supporting in breaking laws.
- Cooperating with related departments and reporting any information about breaking or not following the regulations.

Besides, the committees clearly illustrate in the case of whistle-blowing that there are corruption, cheating, breaking rules and regulations. These issues will directly run by independent committees or audit committees in order to examine, investigate and will report to boards of directors.

9.2 Subcommittees

Boards of Directors named subcommittees for helping take care the Company divided into 3 groups – Audit committees, Nomination and remuneration committees, Director Committees. These subcommittees help the company run smoothly, efficiently by obviously having their own responsibilities.

The role, duties, and responsibilities of board of directors

- Considering, giving opinions of any topics according to laws.
- Evaluating committees' performance and regulating remuneration for directors and executives.
- Illustrating company's visions and talking responsibilities for company's operation with prudence.
- Reconsidering all strategies, policies including financial purpose of the Company as well as the risk, the budget, the operation of the Company.
- Having confidence of company's accounting, financial report is reliable and can be examine internal system to estimate the operational system.
- Having a risk policy by delegating to executive department in order to manage, and report to boards of directors. The risk policy will be adopted for whole organization with the annual estimation once a year. .
- Keeping an eye on the operation, solving problems in terms of conflict of interest. Having policies especially for people affecting profit and deficit of the company; however, those people should not be part of a decision-making process for the sake of the company and shareholders.
- Formulating policies through a document by evaluating policies at least once a year.

The meeting of boards of directors

- Setting the meeting in advance and letting all directors know so that they will arrange the time attending the meeting.
- The number of meeting will be arranged by the boards of directors.
- Boards of committees devote themselves to taking care the Company tirelessly, also regularly attend meetings. The meeting needs a quorum of half of whole committees.
- The committees will receive documents of the meeting earlier so that they will have enough information before making a decision or voting in a meeting.
- Boards of directors reach significant information so as to have knowledge about the company's services and operation. The boards of directors may also ask some opinions from outsource independent consultants if necessary.

- Minutes of meetings have to be done for every meeting in order to refer in the future.

The evaluation of Boards of Directors

- Having self evaluation as a guideline for investigating director's performance every year.

Remuneration of Boards of Committees

- The Company appropriately sets remuneration for all committees and directors based on their responsibilities and duties by reasonably comparing with the rate from other companies (wheat flour industry). If there are any changes, it is important to report to boards of directors to seek approval.
- Boards of directors report all remuneration of directors, committees, and executives in the chart of annual report and financial report of the Company (Type 56-1).

The development of Committees and executives

- Boards of committees will support and train committees, executives and directors to improve the organization by attending many courses of ([Thai Institute of Directors : IOD](#)).
- In the case of new boards of directors, every time the Company will provide important information for new boards, introduce the type of company's business to understand and work for the Company effectively.

Audit Committees

Audit Committees of the company is an independent department which has savants as independent directors without relating to major shareholders or other committees. Additionally, it is necessary for audit committees to have full qualifications following the Stock Exchange of Thailand and/ or the Securities and Exchange.

On Dec 31, 2013 there are 3 audit committees comprising of:

| No. | Name | Position |
|-----|----------------------------|------------------------------|
| 1 | Mr. Somchai Vanawit | Chairman of Audit Committees |
| 2 | Mr. Anake Kumchum | Audit Committee |
| 3 | Mr. Chaleumchai Vongviawit | Audit Committee |

Remarks : The secretary of Audit Committees is Miss. Jutamas Malai. The company appointed him since November 28, 2013

Mr. Somchai Vanawit and Mr. Chaleum Vongviawit are Audit Committees who have enough knowledge to monitor company's financial statement.

Limitations, duties, and responsibilities of Audit Committees

The Ccompany's meeting No.5/2010 in November 27, 2010 had described limitations of Audit Committees as followed:

1. Audit Committees has to check, investigate financial report with transparency by working with an auditor from outsource and other boards preparing financial report. The audit committees may suggest the auditor for examining any topics which are important.
2. Audit Committees has to examine the company's system to run efficiently in terms of internal-systems and internal-control systems. Audit Committees will also appoint, removing, cancelling any persons who are related to internal audit function.
3. Audit Committees has to assure the company that it will abide by rules of the Securities and Exchange Commission Thailand, and the company's business laws.
4. Audit Committees has to examine, select, appoint independent auditor to Audit Company's account as well as reasonably offer remuneration for independent auditor. Audit Committees will have to attend a meeting with the auditor without any management department of the company at least once a year.
5. Audit Committees has to consider any documents related to gain and loss's profit of the company as required by the Securities and Exchange Commission Thailand for the sake of company's benefits.
6. Audit Committees has to do a report mentioned in an annual report as followed:
 - a) An opinion of the accuracy, reliability of financial report of the company.
 - b) An opinion related to the adequacy of company's internal-system.
 - c) An opinion related to rules and regulation of Securities and Exchange Commission Thailand or other related laws.
 - d) An opinion related to a suitability of an auditor.
 - e) An opinion of company's gain and lost benefits.
 - f) Numbers of meetings of audit committees and the attending of each audit committees.
 - g) Opinions or observations that audit committees received as required by a charter
 - h) Other topics that shareholders and investors should know under the responsibility of boards of Director.
7. Any other operations as required by boards of Director delegating to audit committees and audit committees has approved.
8. Audit Committees have the authority to examine, investigate in any topics which can affect to company's finances or overall operation as followed:
 - a) Conflict of Interest
 - b) Corruptions or the defective internal control system
 - c) Violate the laws of Securities and Exchange Commission Thailand or other related laws.

The audit committees have the authority to use outsource if it is necessary such as independent outsource under the corporate spending so as to accomplish the goal. The audit committees has to report the result to boards of directors as well .

Nomination and Remuneration Committees

In December 31, 2013 there were 3 nomination and remuneration committees following the table below:

| No. | Name | Position |
|-----|----------------------------|--|
| 1 | Mr. Somchai Chintummit | Chairman of Nomination and Remuneration Committees |
| 2 | Mr. Thanadol Sujipinyo | Nomination and Remuneration Committees |
| 3 | Mr. Narong Janelapwattakul | Nomination and Remuneration Committees |

Limitations, duties, and responsibilities of Nomination and Remuneration Committees

The meeting of boards of director No.4/2012 in April 19, 2012 had described limitations of Nomination and Remuneration Committees as followed:

1. Finding the right person to be a committee in the case of an unfilled vacancy.
2. Examine the Company's structure like committee's size and give some suggestions in case it needs to be changed.
3. Evaluate the committee's performance every year in order to report to the board of directors.
4. Formulate and examine company's policies, setting remuneration reasonably for all committees and directors by comparing with the rate from other companies (wheat flour industry). If there are any changes, it is important to report to boards of directors to seek approval.
5. Other duties delegated from board of directors.

Executive Boards

In December 31, 2013, there are 6 executive boards of the Company as followed:

| No. | Name | Position |
|-----|------------------------------|---|
| 1 | Mr. Prapas Chutimaworapan | The Chief Executive Officer (CEO) |
| 2 | Dr. Chankrit Dejvituck | Managing Director & Executive Vice Chairman |
| 3 | Mr. Narong Janelapwattanakul | Executive Committee |
| 4 | Mr. Chanachai Chitimaworapan | Executive Committee |
| 5 | Mr. Thanadol Sujipinyo | Executive Committee |
| 6 | Mr. Chalush Chinthammit | Executive Committee |

Remark : Mr. Chalush Chinthammit and Mr. Thanadol Sujipinyo was appointed as Executive Director on 26 September 2013
Managing Director & Executive Vice Chairman

Limitations, duties, and responsibilities of Executive Boards

The meeting of board of directors No.7/2010 in July 29, 2010 had described limitations of Executive Boards as followed:

11. Strictly manage the company following objectives, policies, regulations, orders, of director's opinions from the meeting or shareholder's opinions.
12. Formulate policies, strategies, company budgets, human resource department, information technology, public relation in order to achieve company's goal.
13. Examine annual budget according to management division offering; then offer to board of directors in order to receive approval.
14. Examine operational budgets such as buying assets, buying raw material, buying machinery, buying vehicles etc. Each budget will not over than 10,000,000(ten million) baht. For raw material like wheat rice, it will be received budget for each list no more than 250,000,000 (two hundred and fifty million) baht. All the budgets need to report to board of directors.
15. Approve an important expense in terms of company investment mentioned in annual expense budgets by board of directors.
16. Approve the loaning money, the credit line, debt securities, also loan securities of the company.
17. Being board of consultants in terms of financial policy, marketing policy, human resource development, etc.
18. Setting company's structure, the power of organization management. It includes hiring, removing, cancelling people as well as setting remuneration and bonus of staff and directors.
19. Having an authority to delegate responsibilities to committees or any person under the boards of directors' control. The board of committees can change that responsibility anytime they think it is proper.
20. Other duties delegated from board of directors.

The power of board of directors excludes any topics that may be related to conflict of company' interest or any interest those conflicts with subsidiary as required by the Stock Exchange of Thailand. Those issues need to offer to board of directors and shareholders to make a decision.

Revealing information and transparency

Board of Directors pays attention to revealing information that affects a decision-making process of investors and people affecting company's profit and deficit. Therefore, board of directors has a policy to reveal information related to financial information, turnover of the Company with full details showing overall operation of the Company.

For investor's relation, boards of directors assign the secretary of the Company to communicate with and reveal information with transparency, accuracy, precision and in time for general investors, analysts, and

media via newspapers, a company's website. The information will be updated both in Thai and English as well as by the Stock Exchange of Thailand in an annual report.

Furthermore, there is "investor's relation" topic via a company's website so as to communicate with shareholders or any people who interested in the Company by leaving comments, suggestions.

Recruitment and appointment of directors and senior management levels.

Company directors appointed by the shareholders' meeting. By the Nomination and Remuneration Committee is indiscriminately consider a person with knowledge, qualifications and experience. Including the qualifications of Section 68 of the Companies Act 2535. And the Notification of the Securities and Exchange Commission to propose to the Board of Directors for consideration. The regulations that the Board of Directors. Must have not less than five people by a majority vote and pursuant to the following.

The element of recruiting board of directors

At present, board of directors has illustrated the element of recruiting or descending board of directors as followed:

1. Board of directors comprises 5 committees (not less than 5 committees) who are voted by shareholders. Besides, voted committees more than 50 percent (3 committees) needs to be situated in Kingdom of Thailand.
2. The Company aims to have professional independent committee as much as possible meaning that it requires independent committees no less than 1 out of 3 of whole committees.
3. Appointing committees should be with transparency and clearness by having full information of appointed committees helping a decision-making process of shareholders.
4. All information and background of committees need to be clarified through annual report allowing shareholders receive information.
5. Having a secretary of the Company helps inform information of laws and regulations that committees should know and perform. Besides, the secretary will make the committees opinions happen.
6. Obviously illustrating authority and functions between boards of directors and committees.
7. Shareholders will vote for the boards of directors by using majority vote as followed:
 - (1) A shareholder has ballots relying on the units of share that he has.
 - (2) Each shareholder must votes by using all his ballots. The vote could be either a group or a person; however, shareholders can vote one at a time. Shareholders cannot separate the vote into two parties.
 - (3) The person who wins majority vote will be named a committee by comparing to the ballots that he has got. If there is the same score of the vote, the chairman of board of directors will make a last vote and decide who should get the position.
8. An annual meeting of common stock of shareholders, committees must resign from positions 1 out of 3 by considering the person who being in the longest position. Nevertheless, the one who resign can be selected in the position again which is possible.
9. Other reasons that make committees vacate their positions:
 - (1) Death

- (2) Resignation
 - (3) Lack of qualification or have any qualifications related to article 68 of Public Limited Companies Act in 1992
 - (4) The opinion from shareholders that a person needs to leave from his position
 - (5) A court order to resign
10. In case there is a vacant position of board of directors due to other reasons which is not related to a normal reason the board of directors will elect a person be in that position as a committee for the next meeting only if he will not have any qualifications related to article 68 of Public Limited Companies Act in 1992. However, if the vacant position has only two months left, the new committee will be in that position only two months. Being appointed a position requires the vote three out of four of the left committees at that time.
11. In case all boards of directors leave their position, they are allowed to take charge of their positions to maintain the Company until there are new boards of directors. If all boards of directors leave position according to the court, it is obliged to make a meeting so that shareholders will select new boards of directors. This process must be done within one month since they leave their position by sending letters to all shareholders 10 days earlier. It is also obliged to advertise this meeting in a newspaper at least 3 days before the meeting has started by advertising all 3 days.
12. The meeting will vote to reject any committees so that they have to resign from their positions. This vote will be possible only it has vote 3 out of 4 from shareholders. The shareholders also have to have shares more than 50 percent of the whole company after combining shares together.

Internal data's protection

The Company has policies that boards, committees, executives are not allowed to leak significant internal information and information that has announced in the public for their own benefits or anyone who related to including for buying company's shares. The Company implements policy in order to protect misuse internal information as followed:

1. The Company will inform the directors and executive of duties of reporting shareholding of themselves, their spouses, and children who are minors (have not reached legal age) under section 59 of Securities and Exchange Commission Act B.E. 2535 (1992) and the Notification of the Office of the Securities and Exchange Commission No. SorJor. 12/2552 re: Preparation and Disclosure of Report on Shareholding of Directors, Executives and Auditors and punishment under section 275 of the Securities and Exchange Act B.E. 2535 (1992).
2. The Company specifies that its directors and executives report change in their shareholdings to the Office of the Securities and Exchange Commission under section 59 of the Securities and Exchange Act B.E. 2535 (1992) and the Notification of the Office of the Securities and Exchange Commission No. SorJor. 12/2552 re: Preparation and Disclosure of Report on Shareholding of Directors, Executives and Auditors and send a copy of the report to the Company on the same day such report is sent to the Office of the Securities and Exchange Commission.
3. The Company prohibits its directors, executives or operators who lean internal data from disclosing the same to third parties or person with no related duties specifies that they refrain from trading shares of the Company one

month prior to the Company disclosing its financial statement or status including other significant information to the public.

4. Performance and significant information which may affect the change of share price and the Company's financial statement shall be announced 45 days from the last day of the quarter and 60 days from the last day of the fiscal period.
5. The Company prevents use of its information by prohibiting persons from different agencies who is aware of significant information which has not been disclosed to the public from disclosing such information to unrelated agencies or persons.

Furthermore, the Company has set the punishment measures for persons who seek benefits from using internal information or disclosing it, causing the Company to suffer loss of reputation or damages. The Company will also coordinate with related regulatory organizations for legal action .

Remuneration of Auditors

The Company's auditors in 2556 by splitting are as follows

(1) Remuneration of the auditor amounted to 570,000.00 baht.

(2) Others fee amount 60,000.00 baht.

In 2013, Ms. Prapasri Leelasupha CPA No. 4664 SAM NAK-NGAN A.M.C. Co., Ltd. as the auditors of the Company.

Compliance with good corporate governance principles in other matters.

The Company's compliance with corporate governance principles for listed companies. The company is using a self assessment for compliance with the corporate governance principles of the market operators to disclose the information.

The attendance of Directors on the Board of Directors in 2556 are as follows.

| No. | Name | Audit Committee | The Nomination and Remuneration Committee. | Executive Director | Attendance of shareholders. |
|-----|------------------------------|-----------------|--|--------------------|-----------------------------|
| 1 | Mr.Preecha Attavipach | - | - | - | 1/1 |
| 2 | Mr.Prepas Chutimavoraphan | - | - | 12/12 | 1/1 |
| 3 | Mr.Chanachai Chutimavoraphan | - | - | 7/12 | 1/1 |
| 4 | Mr.Narong Janelapwattanakul | - | 1/1 | 10/12 | 1/1 |
| 5 | Dr.Supasorn Chayowan | - | - | 2/3 | 1/1 |
| 6 | Mr.Chalush Chinthammit | - | - | 2/3 | 1/1 |
| 7 | Mr.Somchai Chinthammit | - | 1/1 | - | 1/1 |
| 8 | Mr.Thanadol Sujipinyo | - | 1/1 | 2/3 | 1/1 |



| No. | Name | Audit Committee | The Nomination and Remuneration Committee. | Executive Director | Attendance of shareholders. |
|-----|---------------------------|-----------------|--|--------------------|-----------------------------|
| 9 | Dr.Charnkrij Dejvitak | - | - | 10/12 | 1/1 |
| 10 | Mr.Anake Khumchum | 3/4 | - | - | 1/1 |
| 11 | Mr.Chalermchai Wongwaiwit | 4/4 | - | - | 0/1 |
| 12 | Mr.Somchai Wanawithaya | 4/4 | - | - | 1/1 |

Remark : Dr. Supasorn Chayowan resigned as Executive Director on 31 March 2013.

Mr. Chalush Chinthammit and Mr. Thanadol Sujipinyo was appointed as Executive Director on 26 September 2013

Employees

Number of employees

As at Dec 31, 2011, 2012 and 2013, the company has employees, which can be separated as follows:

| No. | Department | At Dec 31,2011 | At Dec 31, 2012 | At Dec 31, 2013 |
|--------------|----------------------------|----------------|-----------------|-----------------|
| 1 | Production and maintenance | 36 | 37 | 34 |
| 2 | QA and R&D | 10 | 10 | 9 |
| 3 | Office | 8 | 8 | 11 |
| 4 | Account | 5 | 6 | 5 |
| 5 | Finance | 4 | 4 | 4 |
| 6 | Sale and marketing | 6 | 7 | 12 |
| 7 | Stock | 9 | 8 | 9 |
| 8 | Secretary | 1 | 1 | 1 |
| 9 | Managing Director Office | 3 | 2 | 2 |
| Total | | 82 | 83 | 87 |

The Remuneration for employees

Unit : Baht

| Remuneration | 2011 | 2012 | 2012 |
|---------------------------|-------------------|-------------------|-------------------|
| Salary | 25,832,610 | 28,084,526 | 22,734,667 |
| Bonus | 10,151,160 | 4,794,052 | 8,650,790 |
| Overtime wage | 1,279,707 | 1,894,615 | 2,642,119 |
| Benefit | 83,883 | 223,056 | 137,335 |
| Provident fund and others | 2,024,097 | 882,094 | 1,121,635 |
| Total | 39,371,457 | 35,878,343 | 35,286,546 |

**Human Resource Development Policy**

The company is committed to the development of human resources excellence. Due to the company recognizes that the human resources efficiency is a critical factor in business operations to be successful. Recognizing the importance of human resources of the company is evident from the 2nd mission of the company, which stated that the company's aim. "Encourages employees at all levels of leadership to the organization and create an atmosphere of learning".

The company is planning the annual training for employees to each department as necessary and appropriate, and enhance additional courses to maximize the potential for staff. By the training will be approved by the managing director. Training approaches are both coursework and practical training including the evaluation methods. The training course was focused on the development operating to the employees , are required by the company's standards. Such as the fundamentals of GMP/HACCP/ISO22000 and personal hygiene courses.

**The Information of Boards of Director and Related Person**

| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|--|---------------|---|--|----------|--------------------------------------|--|--|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| 1. Mr.Preecha Attavipach - Chairman of Board of Directors - Independent Committee | 76 | - Bachelor Degree of Industrial Engineering Chulalongkorn University - Master of Industrial Engineering and Management Oklahoma State University , USA | 0.14% (The whole shares belong to his wife) | None | 2008 – At present | Chairman | T S Flour Mill Public Company Limited |
| | | | | | 2008 – At present | Chairman | Thai Sugar Terminal Public Company Limited |
| | | | | | 2008 – At present | Chairman | T S Warehouse Co., Ltd. |
| | | | | | 2008 – At present | Chairman | TSG Asset Co., Ltd. |
| | | | | | 2008 – At present | Chairman | T S Oil Industry Co., Ltd. |
| | | | | | 2008 – At present | Chairman | T S Logistics Co., Ltd. |
| | | | | | 2004 – At present | Independent Committee / Chairman of Audit Committee | Thai Rong Union Car Public Company Limited. |
| | | | | | 2002 – At present | Independent Committee / Audit Committee | The Siam Cement Public Company Limited |
| | | | | | 2000 – At present | Chairman | Pan Paper Co., Ltd. |
| | | | | | 2003 – At present | Chairman | Siam P.P. International Co., Ltd. |
| | | | | | 2003 – At present | Chairman | Environment Plus and Paper Co., Ltd. |
| | | | | | 2004 – At present | Chairman | Eak Rat Pattana Co., Ltd. |
| | | | | | 2000 – At present | Chairman | Ruam Kit Anug Thong Klundsinka Co., Ltd. |
| | | | | | 2008 – At present | Chairman | Namtarn Kaset Thai Co., Ltd. |
| | | | | | 2002 – At present | Director | H.C>Starck Co.,Ltd. |
| | | | | | 2004 – At present | Director | Committee bill. Ministry of Labour. |
| | | | | | At present | Academic Director | The Engineering Institute of Thailand Under H.M. The King's Patronage |
| | | | | | At present | House Chairman of University | CHAOPRAYA UNIVERSITY |
| | | | | | At present | Chairman | The foundation of Lady Punchuen Reunsiri |
| | | | | | At present | Chairman | Industrial Development Foundation |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|---|---------------|---|---|------------------------|---|---|---|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| | | | | | At present At present At present | Director Chairman Director | Kased Thai Bio Power Co., Ltd. Kaset Thai Autahagum Nantarn CO., Ltd. S I Property Co., Ltd. |
| 2. Mr.Prapas Chutimaworapan - Director - Executive Chairman - Authorized Committee | 76 | - The Certificate of Director Accreditation Program (DAP No. 17/2004) Thai Institution of Director (IOD) - Secondary School at Bang-Bueng Industry | 0.30% (0.00% belongs to his wife OR 1,490 Shares) | The Father of No. 3 | 2000 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present 1976 – At present 2004 – At present 2003 – At present 2004 – At present 1969 – At present 2003 – At present 1989 – At present 2004 – At present | Director & Executive Chairman Managing Director & Executive Chairman Managing Director Managing Director Executive Chairman Managing Director Director & Senior Vice President Director & Senior Vice President Director & Senior Vice President Director & Senior Vice President Managing Director Director Director Director | T S Flour Mill Public Company Limited Thai Sugar Terminal Public Company Limited T S Warehouse Co., Ltd. TSG Asset Co., Ltd. T S Oil Industry Co., Ltd. T S Logistics Co., Ltd. Khon Kaen Sugar Public Company Limited. Namtarn Thamaga Co., Ltd. Namtarn New Krung Thai Factory Co., Ltd. Namtarn New Guang Sun Lee Co., Ltd. Ornnuch Gor-Sang Co., Ltd. Namtarn Korngan Power Plant Co., Ltd. Para Hi-tech Co., Ltd. Bangkok Boutique Hotel (Thailand) Co., Ltd. |
| 3. นายชนะชัย ชุตินาวรรพณ์ - Director - Executive Director - Authorized Committee | 42 | - The Certificate of Director Accreditation Program (DAP No. 37/2005) Thai Institution of Director (IOD) | 0.05 % | A son of No. 2. | 2007 – At present 2000 – At present 2000 – At present 2000 – At present | Nomination & Remuneration Committee Executive Director Executive Director Executive Director | Thai Sugar Terminal Public Company Limited T S Flour Mill Public Company Limited Thai Sugar Terminal Public Company Limited T S Warehouse Co., Ltd. |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|---|---------------|--|---------------------------------------|----------|---|--|---|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| | | - Bachelor Degree of Engineering at Chulalongkorn University - Bachelor Degree Faculty of Law at Chulalongkorn University - Master Degree MBA at Tennessee University, USA - Master Degree of Industrial Engineering, USA | | | 2000 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present 2000 – At present | Executive Director Executive Director Executive Director Senior Vice President (Accounting and Finance) Senior Vice President (Accounting and Finance) Senior Vice President (Accounting and Finance) Senior Vice President (Accounting and Finance) | TSG Asset Co., Ltd. T S Oil Industry Co., Ltd. T S Logistics Co., Ltd. Khon Kaen Sugar Public Company Limited. Namtarn Thamaga Co., Ltd. Namtarn New Krung Thai Factory Co., Ltd. Namtarn New Guang Sun Lee Co., Ltd. |
| 4. Mr. Narong Janelarbwattananun - Director - Executive Director - Authorized Committee - Nomination & Remuneration | 48 | - The Certificate of Director Accreditation Program (DAP No. 62/2007) Thai Institution of Director (IOD) - Bachelor of Economist Thammasart University | - | None | 2011 – 2013 2006 – At present 2006 – At present 2006 – At present 2006 – At present 2006 – At present 2006 – At present 2005 – At present 1999 – At present | Nomination & Remuneration Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Director Director | T S Flour Mill Public Company Limited T S Flour Mill Public Company Limited Thai Sugar Terminal Public Company Limited T S Warehouse Co., Ltd. TSG Asset Co., Ltd. T S Oil Industry Co., Ltd. T S Logistics Co., Ltd. Autsahagum Mitkased Co., Ltd. Wattanagul Oxygen Co., Ltd. |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|--|---------------|---|---------------------------------------|---------------------------|--------------------------------------|----------------------------------|---|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| 5. Mr. Chalush Chinthummit - Director - Executive Director - Authorized Committee | 45 | - The Certificate of Director Accreditation Program (DAP No. 17/2004) Thai Institution of Director (IOD) - Bachelor Degree of Business Administration Degree (BBA) Assumption University - Master of Business Administration MBA FINANCE & BANKING MERCER UNIVERSITY U.S.A. | 0.00% | A Nephew of No. 6. | 2013 – At present | Executive Director | T S Flour Mill Public Company Limited |
| | | | | | 2007 – At present | Director | T S Flour Mill Public Company Limited |
| | | | | | 2007 – At present | Director | Thai Sugar Terminal Public Company Limited |
| | | | | | 2007 – At present | Director | T S Warehouse Co., Ltd. |
| | | | | | 2007 – At present | Director | TSG Asset Co., Ltd. |
| | | | | | 2007 – At present | Director | T S Oil Industry Co., Ltd. |
| | | | | | 2007 – At present | Director | T S Logistics Co., Ltd. |
| | | | | | 2007 – At present | deputy secretary general | Trade association for manufacturers of sugar and bio-energy, Thailand. |
| | | | | | 2006 – At present | Director | KSL Agro and Trading Co., Ltd. |
| | | | | | 2006 – At present | Director | Sugar Sawan Naked Co., Ltd. |
| | | | | | 2003 – At present | Director | The boards of Cane and Sugar Act of B.E.2527. |
| | | | | | 2003 – At present | Director | KSL Material Supply Co., Ltd. |
| | | | | | 2003 – At present | Director | Namtarn Korngan Power Plant Co., Ltd. |
| | | | | | 2003 – At present | Director | Korn Gan Alcohol Co., Ltd. |
| | | | | | 2002 – At present | Director | KSL Export Trading Co., Ltd. |
| | | | | | 2001 – At present | Director | Thai Sugar Miller Co., Ltd. |
| | | | | | 1996 – At present | Managing Director | KSL Real Estate Co., Ltd. |
| | | | | | 1996 – At present | Director | Orn Nuch Gor Sang Co., Ltd. |
| | | | | | 1994 – At present | Director & Senior Vice President | Namtarn Thamaga Co., Ltd. |
| | | | | | 1994 – At present | Director & Senior Vice President | Namtarn New Guang Sun Lee Co., Ltd. |
| | | | | | 1994 – At present | Director & Senior Vice President | Namtarn New Krung Thai Factory Co., Ltd. |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|---|---------------|--|---|----------------------|--------------------------------------|----------------------------------|--|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| 6. Mr. Somchai Chintummit - Director - Nomination & Remuneration | 61 | - The Certificate of Director Accreditation Program (DAP No. 17/2004) Thai Institution of Director (IOD) - Diploma of Computer Computer Collage, Germany | 0.05% (belong to Children immaturity 0.04% Shares) | An uncle of No. 5. | 2011 – At present | Nomination & Remuneration | T S Flour Mill Public Company Limited |
| | | | | | 2008 – At present | Director | T S Flour Mill Public Company Limited |
| | | | | | 2008 – At present | Director | Thai Sugar Terminal Public Company Limited |
| | | | | | 1980 – At present | Director & Senior Vice President | Khon Kaen Sugar Public Company Limited. |
| | | | | | 2008 – At present | Director | T S Warehouse Co., Ltd. |
| | | | | | 2008 – At present | Director | TSG Asset Co., Ltd. |
| | | | | | 2008 – At present | Director | T S Oil Industry Co., Ltd. |
| | | | | | 2008 – At present | Director | T S Logistics Co., Ltd. |
| | | | | | 2003 – At present | Director | Korn Gan Alcohol Co., Ltd. |
| | | | | | 2003 – At present | Director | Namtarn Korngan Power Plant Co., Ltd. |
| | | | | | 1981 – At present | Director | Racha Pong Churod C., Ltd. |
| | | | | | 1980 – At present | Director & Senior Vice President | Namtarn Thamaga Co., Ltd. |
| | | | | | 1980 – At present | Director & Senior Vice President | Namtarn New Guang Sun Lee Co., Ltd. |
| | | | | | 1980 – At present | Director & Senior Vice President | Namtarn New Krung Thai Factory Co., Ltd. |
| 7. Mr. Thanadol Sujipinyo - Director - Executive Director - Authorized Committee | 47 | - The Certificate of Director Accreditation Program (DAP No. 76/2008) Thai Institution of Director (IOD) - Bachelor Degree of Marketing California State University at San Bernardino (BA) - Master Degree of MBA, Marketing and Management Mercer University Atlanta, U.S.A. | 0.00% | Son In Law of No. 2. | 2013 – At present | Executive Director | T S Flour Mill Public Company Limited |
| | | | | | 2011 – 2013 | Nomination & Remuneration | T S Flour Mill Public Company Limited |
| | | | | | 2008 – At present | Director | T S Flour Mill Public Company Limited |
| | | | | | 2008 – At present | Director | Thai Sugar Terminal Public Company Limited |
| | | | | | 2008 – At present | Director | T S Warehouse Co., Ltd. |
| | | | | | 2008 – At present | Director | TSG Asset Co., Ltd. |
| | | | | | 2008 – At present | Director | T S Oil Industry Co., Ltd. |
| | | | | | 2008 – At present | Director | T S Logistics Co., Ltd. |
| | | | | | 1998 – At present | Managing Director | Jomtien Garden Hotel & Resort, PATTAYA |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|--|---------------|--|---------------------------------------|-------------------------|--------------------------------------|--|--|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| 8. Dr. Supasorn Chayowan - Director | 76 | - The Certificate of Director Accreditation Program (DAP No. 77/2009) - Director Certification Program (DCP NO. 112/2009) Thai Institution of Director (IOD) - Bachelor Degree of Animal Science Kasetsart University - Master Degree of Food Sci & Nutrition Brigham Young University - Doctoral Degree of Food Sci & technology Louisiana State University, USA | - | None | 2009 – At present | Director | T S Flour Mill Public Company Limited |
| | | | | | 2009 – 2012 | Executive Director | T S Flour Mill Public Company Limited |
| | | | | | 2009 – At present | Director | Thai Sugar Terminal Public Company Limited |
| | | | | | 2009 – 2012 | Executive Director | Thai Sugar Terminal Public Company Limited |
| | | | | | 2009 – At present | Director & Executive Director | T S Warehouse Co., Ltd. |
| | | | | | 2009 – At present | Director & Executive Director | TSG Asset Co., Ltd. |
| | | | | | 2009 – At present | Managing Director | T S Oil Industry Co., Ltd. |
| | | | | | 2009 – At present | Director & Executive Director | T S Logistics Co., Ltd. |
| 9. Dr.Charnkrij Dejvitak - Director - Executive Vice Chairman - Managing Director - Authorized Committee | 40 | - The certificate of Senior Executive of Capital Market Academy No.15 (CMA.15) - The certificate of electric commerce Texas USA - The certificate of “Business culture in American style” California, USA - The certificate of Director Accreditation Program (DAP No. 79/2009) Thai Institution of Director (IOD) | 0.00 % | Son In Law of No. 2. | 2013 – At present | Managing Director & Executive Vice Chairman | T S Flour Mill Public Company Limited |
| | | | | | 2013 - At present | Executive Director | The listed company association of MAI |
| | | | | | 2012 – At present | Commission Advisory | Industry Council of Samutprakarn |
| | | | | | 2012 – At present | Amanuensis | Economic Commission., Senate Commerce and Industry. |
| | | | | | 2012 – At present | President of Secretary | Capital Market Academy No. 15 |
| | | | | | 2012 - At present | Director | The Federal of Thai Industries |
| | | | | | 2012 - At present | Director | International Organization of FTI |
| | | | | | 2012 – At present | Director | The promotion of trade and investment of FTI |
| | | | | | 2010 – 2013 | Managing Director & | T S Flour Mill Public Company Limited |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|--|---------------|---|---------------------------------------|----------|---|---|---|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| | | <ul style="list-style-type: none"> - Doctoral Degree of Services and Changes Touro University International, U.S.A. - Master Degree of the leadership and moral principles in an organization Saint Edward's University, U.S.A. - Master Degree of West Texas A&M University, U.S.A. | | | 2009 - At present 2009 - At present 2009 - At present 2009 - At present 2009 - At present | Executive Vice Chairman Executive Director Executive Director Executive Director Executive Director | Thai Sugar Terminal Public Company Limited T S Warehouse Co., Ltd. TSG Asset Co., Ltd. T S Oil Industry Co., Ltd. T S Logistics Co., Ltd. |
| 10. Mr.Somchai Wanawithaya - Independent Committee - Chairman of Audit Committee | 65 | <ul style="list-style-type: none"> - The certificate of Director Accreditation Program (DAP No.8/2004) - Director Certification Program (DCP No. 49/2004) - Thai Institution of Director (IOD) - Bachelor Degree of B.B.A. Southeastern Louisiana University, U.S.A. - Master Degree of M.B.A. Southeastern Louisiana University, U.S.A. | - | None | At present 2006 - At present 2005 - At present 1983 - 2001 1981 - 1983 1979 - 1981 1974 - 1979 1973 - 1974 | Chairman of Audit Committee Independent Committee/ Audit Committee Committee /Vice President Executive Vice President Committee / Executive Vice President Credit Manager Credit Manager Assistant Branch Manager | T S Flour Mill Public Company Limited Sabina Co., Ltd. K.C. Property Company Limited Nakorn Luang Bank Company Limited Finance and Securities Wartlee (Thailand Co., Ltd. Finance and Securities Cathey Trust Co., Ltd. Wang Lee Bank (Nakorn Thon) New Orleans Bank |
| 11. Mr.Chaleumchai Wongwaiwit - Independent Committee - Audit Committee | 57 | <ul style="list-style-type: none"> - The certificate of Director Accreditation Program (DAP No. 84/2010) - Thai Institution of Director (IOD) - Bachelor Degree of Engineering | - | None | 2010 - At present 2010 - At present 2010 - At present 2010 - At present | Audit Committee Executive Committee Executive Committee Financial Advisory | T S Flour Mill Public Company Limited Metropolis Property CO., Ltd. Finki-Thai Company Cathay Trust Company |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|---|---------------|---|---------------------------------------|----------|--|---|---|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| | | University of Hawaii, USA - Master Degree of Management (MBA) Sasin Graduate Institute of Chulalongkorn University | | | | | |
| 12. Mr. Anake Kumchum - Independent Committee - Audit Committee | 55 | - The certificate of Director Accreditation Program (DAP No. 85/2010) Thai Institution of Director (IOD) - Bachelor Degree of Law Ramkamhaeng University - Law of Institute of Legal Education of the Thai Bar - Master Degree of Law Ramkamhaeng University | - | None | 2010 – At present 1984 – At present | Audit Committee Owner | T S Flour Mill Public Company Limited Anake Kumchum Law's firm |
| 13. Ms. Waewta Natephan - Finance and Account Manager | 36 | - Bachelor Degree of Accounting (B.B.A) Burapa University | - | None | August, 2010 – At present 2008 - 2010 2007 – 2008 2000 – 2007 1998 – 1999 | Manager of Finance and Accounting Manager of Finance and Accounting Chief of Senior Accounting Senior Accounting Officer Accounting Officer | T S Flour Mill Public Company Limited TCJ Asia Company Limited Troll Logistics (Thailand) Co., Ltd. Hope Technology Co., Ltd. Autsahagum Thai bicycle Co., Ltd. |
| 14. Mr. Sunthorn Suksamran - Sale Manager (Senior) Team A | 31 | - Bachelor Degree of Law Bangkok University | - | None | 2013 – At present 2007 – 2012 | Sale Manager (Senior) Team A Manager of Sale and Marketing | T S Flour Mill Public Company Limited T S Flour Mill Public Company Limited |



| Name-Family Name / Position | Age (Year) | Education Background | Percentage number of Shares (%) | Relation | Working Experiences for last 5 Years | | |
|--|---------------|---|---------------------------------------|----------|---|---|---|
| | | | | | Duration | Position | Company's Name/ Type of Business |
| 15. Ms.Surangrat Jongprasopsap - Plant Manager | 38 | - Master Degree of Product Development Industry Branch Kasedsart University - Bachelor degree Food Science And Technology Thammasart University | - | None | 2013 – At present 2011 – 2012 2002 – 2010 | Plant Manager (Be in charge) Factory Manager Chief of Quality Control Department | T S Flour Mill Company Limited T S Flour Mill Company Limited United Flour Mill Company Limited. |
| 16. Mr. Piyadol Deekajorndej - Office Manager | 30 | - Bachelor degree of Management in International Business Management Assumption University | - | None | 2012 - 2013 2009 – 2012 2006 – 2009 | Office Manager Administration Supervisor International Officer | T S Flour Mill Company Public Limited T S Flour Mill Company Public Limited Winner Logistic Co., Ltd. |
| 17. Mr.Hirun Kongboonkerd - (Be in charge Deputy Sale Manager Team B | 46 | - Bachelor degree of Management in Marketing RAMKHAMHAENG UNIVERSITY | - | None | 2013 2009 - 2012 2005 - 2008 | (Be in charge) Deputy Sale Manager Team B Head of Sale department Managing Manager | T S Flour Mill Company Public Limited T S Flour Mill Company Public Limited Torraneepipat Co., Ltd. |
| 18. Ms. Jutamas Malai - Company Secretary | 36 | - The certificate of Fundamental Practice for Corporate Secretary: FPCS Thai Listed Companies Association - Bachelor degree of Management in Accounting Rambhai Barni Rajabhat University | - | None | 2013 - At present 2010 – 2012 2007 – 2009 | Company Secretary Technical Support Technical Support | T S Flour Mill Company Public Limited PRO Innovation Technology Co., Ltd. NCS Ggroup Co., Ltd. |

The information of the duration of Directors and executive

| Name of Boards, director, authorize committees, and committees | T S Flour Mill Company Limited |
|--|--------------------------------|
| 1. Mr. Preecha Attavipach | C, ID |
| 2. Mr. Prapas Chutimaworapan | D, EC, S |
| 3. Mr. Chanachai Chutimaworapan | D, ED, S |
| 4. Dr.Charnkrij Dejvitak | D, EVC, MD, S |
| 5. Dr.Supasorn Chayowan | D |
| 6. Mr.Narong Janelapwattanakul | D, ED, S |
| 7. Mr.Thanadol Sujipinyo | D, ED, S |
| 8. Mr.Chalush Chinthammit | D, ED, S |
| 9. Mr.Somchai Chinthammit | D |
| 10. Mr.Somchai Wanawithaya | D, CAC, ID |
| 11. Mr.Anake Khumchum | AC, ID |
| 12. Chalermchai Wongwaiwit | AC, ID |
| 14. Ms.Waewta Natephan | M |
| 15. Mr.Sunthorn Suksamran | M |
| 16. Ms.Surangrat Jongprasopsap | M |
| 17. Mr. Piyadol Deekajorndech | M |
| 19. Mr.Hirun Kongboonkerd | M |

Remark : C = Chairman, D = Director, EC = Executive Chairman, EVC = Executive Vice Chairman,

ED = Executive Director, S = Authorized signing, CAC = Chairman of Audit Committee, AC = Audit Committee,

ID = Independent Committee, MD = Managing Director, M = Management

Corporate Social Responsibilities : CSR

Policy Overview

Company places importance on conducting business based on the Corporate Social Responsibility (CSR), which includes supporting and strengthening society and the community by taking social and community problems and concerns to develop and create prototype projects in relevant various dimensions such as tuning community attitudes, driving participatory execution, building a collaborative network, promoting social enterprises, and disseminating knowledge through learning centers. To raise the standard of living, as well as the cultural heritage. The company is targeting a resource consumption both internal and external organization together for the most productive. The success of activities, its do not happen from donation. Its also emphasize the involvement of employees in the organization and cooperation of external agencies, as well as the cooperation of the community.

The internal operations, the company provides the committee to plan the implementation of various projects, comprises personnel from several agencies. For brainstorming to designs of the projects, it's a collection of any ideas, communications, and operations to determine the activity structure as follow:

1. Designed to determine the activities, objectives and results, which to be obtained from the implementation of the projects
2. Activities Defines the process of implementation, budget, participant and external agencies
3. Monitoring and evaluation after the operation, will be evaluated according to the defined goal or not, communicated to the organizations and society. As well as coordination activities to be part of society

The company carries out business with concern for social, environmental responsibility and and all stakeholders by the following principles:

1. Adherence to fairness

The board of directors has conducted business in tandem with the sustainable development approach with a focus on operating business under the principles of good corporate governance and the regulations of The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to be a major factor in enhancing the the organization to have an effective management system.

2. Anti-corruption Efforts

The company is studying the information to provide the Committee acknowledged that the Board of Directors is responsible for the Company's compliance with laws and policies to anti-corruption.

3. Respect for Human Rights

The Company recognizes the importance and treats employees equally as follows:

- Systemize to rewards to employees fairly comparable to the Company's business in the same industry
- Maintain the working environment safety to the employees' life and property

- Provide the administrative systems in regard to the appointment, including providing the employees with fairly rewards and punishments. Based on the basis of the knowledge, capability and suitability of personnel
- Focus on developing the competencies of employees thoroughly and regularly
- Comments and suggestions, which are based on the professional knowledge of the employee

4. Treating workers fairly

Company complies with [Labour Protection Act B.E. 2541](#), without the employee under the age of 15 years. Without the use of forced labor in all types such as forced labor, convict labor, slave labor and human trafficking involves the wrongfully labor. Including comply with laws and regulations relating to occupational health and safety regulations. Create a working environment that is safe for employees, contractors and visitors by trying to keep everyone be safe.

5. Consumers responsible

The Company's quality assurance and quality production, since the process of the raw materials, the manufacturing processes and the final products before delivering to ensure the system is based on GMP, HACCP, ISO 22000 and HALAL. In the process of audit qualities, are collected every 2 hours for the case of bulk purchases and sampling of all container purchased as a case to analyze the humidity value, protein and ash.

For the product during the manufacturing process are randomly sampled for analysis of other values include gluten, flour color, microbial and baking test. In addition, Including overseeing the products to keep in a safe place, such as the weather, animals, insects, moth, etc. The Board of Director has established the guidelines for the practice in operation which based on the obligation and a discipline that should follow. Summarized as follows:

- Provide an acceptable quality of the market
- Disclosure of all information about the products and services completely and does not distort the facts, [by](#) considering the customer
- The goods and services warranty under the suitable conditions
- Reject the goods and services delivering with low required standard to customers
- Not make the customers misunderstanding about the quality, quality, price or conditions of any goods and services
- Organized system for the customers to complain the goods and services
- Maintain the client confidentiality and not used for the self-benefits and involved wrongful
- Reduce the cost of production by maintaining the quality standards of goods and services, in order to maximize the benefit for the customers
- Keep the promises and comply with the customers' conditions. In case of non-comply with any conditions, have to immediately notify the customer in advance
- Not set the exorbitant price and impose the unfair trading conditions for customers

6. Environmental conservation

The Company uses the modern technology for the production of wheat flour, which is Buhler brand that imported from Switzerland. Planning a maintenance check on a regular basis and preparing the production process in each segment according to the GMP / HACCP system. By the production of wheat flour, there is no environmental impact, water pollution

and impact on society. The company is also saving the environment by shipping wheat to customers with bulk truck. In 2013, has delivered by bulk truck about 30 percent of the flour shipments throughout the year.

7. The jointly social development

The company will consider the needs of the community by promoting and encouraging employees to participate in the public activities.

The implementation and preparation of reports

- N/A

Business operations affect the corporate social responsibilities

- N/A

Activities for the social and environmental benefits (after process)

Support the National Children's Day

For people to recognize the importance of children. It aims to promote the importance of children. To teach the children to participate in society have a responsibility to the nation by allowing employees to participate.



Support the Seminar

T S FLOUR MILL PUBLIC COMPANY LIMITED is supporting the graduate courses of Industrial Business and Human Resource Development, Faculty of Applied Arts, King Mongkut's University of Technology North Bangkok. The seminar's topic "The Development of Self-Performance for The Effectiveness" on Thursday, 14 March 2013 at 1st Floor, King Mongkut's University of Technology North Bangkok.

Annual General Meeting of Shareholders in 2012, No. 1/2013

In order to comply with the requirements of the Stock Exchange of Thailand.





Summary of The Operating Results Meeting : Year 2012

Summary of The Operating Results' Report during 2012, including a proposed plan of the year 2013 to allow staff to participate in presentations of the past. To present the completed projects and new projects in the next year.

The Slogan of Anti-Drugs in Business Establishment Contest

The company held The Slogan of Anti-Drugs in Business Establishment Contest to strengthen and motivate employees away from drugs.



Traditional Football of T S Group in 2013

T S Group's Traditional Football is the internal competition. The employees have developed a physical, psychological, emotional, social and intellectual. Focus on The participation and teamwork. Including the employees have shown their abilities and sport skills.

Basic & Advance Fire Fighting and Fire Drill Training : Year 2013

Its' training for the basic, advance fire fighting and fir drill for the employees. To provide staff with the knowledge to practice, prevention and fire suppression. Include the providing these knowledge to the others.



**White Factory In Protection Drugs Training**

To honor the establishment as a good example for other establishments. To motivate the employers and employees have jointly anti-drugs. Thus reducing the expansion of the drugs and the policy response of the government to fix the drug problem efficiently.

Implementation of Energy Conservation of The Factory Owner controlled by National Energy Policy Council Act B.E. 2535

Currently, the nation is experiencing the energy issue. This is an importance issue affect to the lives and economics. Accordingly, the company has implemented the energy management system for applying to the energy management. To encourage the energy consumption effectively and maximum benefits.

Relate Party Transactions

The Company has transactions among interested persons both a person or companies by having the same shareholders or same committees. Audit committees will examine and investigate an appropriation of any topics as well as formulate rules and conditions following the market's price that there is no conflict of interest included.

Company's Transaction

Transaction started from 2013 to December 31, 2013 and from 2012 to December 31, 2012 as followed:

1. The name of related companies and relationships

| Company's Transaction | Type of business | Relationship |
|---|---|--|
| Thai Sugar Terminal Company Limited ("TSTE") | Doing a business related to transporting goods, leasing inventories, ferry service | TSTE is a major company of the Company by having shareholders 98.82% before separate shares. It uses same committees except Audit committees which are TSTE. |
| TSG Asset Co., Ltd. ("TSA") | Doing a business related to leasing real estate | It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TSA. |
| TS Oil Industry Co., Ltd. ("TSO") | Doing a business related to palm oil industry | It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TSO. |
| TS Transport and Logistics Co., Ltd. ("TSTL") | Doing a business related to transporting goods, producing sacks' bag, security services | It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TSTL. |
| TS Inventory CO., Ltd ("TS") | Doing a business related warehouses and inventories | It is a related company with TSTE. It has same committees from TSTE except Audit Committees which are TS. |

2. The list of renting amount of inventories, silos and the land

(Unit : Million Baht)

| Landlord | Tenant | Description/Conditions | The cost of items | | The importance and reasons of each items |
|----------|--------|---|-------------------|----------------|--|
| | | | Jan – Dec 2013 | Jan – Dec 2012 | |
| TSTE | TMILL | The Company rents a land which is 7,013 square meters from TSTE for building Factories and buildings which means 50 baht/square meter or 350,650 baht/ month. The lease will last for 30 years starting from August 1, 2010 to July 31, 2040 by increasing the rent 10% from the old price every 5 years. The rent for whole contract is 162,328,740 baht or 5,410, 958 baht/per year. When the least is cancelled, the Company will transfer land with the building by the end of the contract, if the contract has not mentioned about the building in other condition. If the Company wants to continue the least, the Company should inform TSTE in advance at least 2 years before the end of the contract. TSTE will allow the Company rent the land no more than 30 years. The rate of the rent will be based on financial situation at that time. | 5.4 | 5.4 | <p><u>The importance of the least</u></p> <p>The Company rents this land for factories and building will be located in.</p> <p><u>The price of the least</u></p> <p>The price of the rent will be appraised by UK Valuation and Agency CO., Ltd. No. UK 2010/724 This land has been appraised on September 11, 2010.</p> <p><u>The opinion of Audit Committees</u></p> <p>Audit Committees take the least into consideration and think it is reasonable price of the land and the conditions through the contract.</p> |
| TSTE | TMILL | The Company rents an inventory from TSTE which is Inventory No.9 which has 1,650 square meters based on the rate 100 baht/per square meter. The Company pays the rent 165,000 baht which is 3 years contract. After the contract is finished, if the Company wants to continue the least, the Company should inform by writing in advance (at least 3 months earlier). The recent least has started from June 1, 2012 to May 31, 2015. | 2.0 | 2.0 | <p><u>The importance of the least</u></p> <p>The Company rents inventory for storing finished products of the Company. The inventory is situated in close area of company's factory which is easier for goods transportation.</p> <p><u>The price of the least</u></p> <p>The price will vary according to global market which is based on the location on</p> |

| Landlord | Tenant | Description/Conditions | The cost of items | | The importance and reasons of each items |
|----------|--------|--|-------------------|----------------|--|
| | | | Jan – Dec 2013 | Jan – Dec 2012 | |
| | | | | | inventories, the inventories' condition. <u>The opinion of Audit Committees</u> Audit Committees examine the least and think that the price, and conditions are sensible, reasonable. |
| TSTE | TMILL | The company leases three warehouses for 3 months. There are the warehouse no.33, 34 and 35, which have the area as 1,312, 1,188 and 2,250 square meters respectively. If the company intends to request a renewal of leases, have to inform TSTE prior to maturity at least one month. Monthly rental rate is 90 baht per sq.m. The company pays the rental as 118,080, 106,920 and 202,500 baht respectively. For Warehouse no. 33 and 34, started from 16 January 2013 to 30 June 2013. For Warehouse no. 35, started from 1 June 2013. For the period of the latest agreement is 4 months, from 1 December, 2013 to 31 March, 2014. | 2.3 | - | <u>The importance of item</u> The company leases three warehouses to store the raw materials of the company. In the case of the company has insufficient storage. The warehouses are located in close proximity to the company's factory. It is convenient to transport. <u>The reasons of price</u> For the rental price was the same price as the company in the rent themselves. Compared to the rental price of the third party in the same area, found that the rental price is lower than the third party. <u>The opinion of the Audit Committee</u> |
| TSO | TMILL | The Company rents a warehouses (Bulk) consisting of 2 silos which are 2,880 square meters. The rate per square meter is 85 baht. The Company pays the rent 244,880 baht/ | 2.9 | 2.9 | <u>The importance of the least</u> The Company rents 2 silos for storing raw material in the case of not enough |

| Landlord | Tenant | Description/Conditions | The cost of items | | The importance and reasons of each items |
|----------|--------|---|-------------------|----------------|--|
| | | | Jan – Dec 2013 | Jan – Dec 2012 | |
| | | per month since February 1, 2011 which is 2 months contract. If the Company wants to continue the least, the Company should inform by writing in advance (at least 1 month earlier). For the period of the latest agreement is from January 1, 2014 to June 30, 2014. | | | warehouses. These silos are located in close area of company's factory which is easier for goods transportation. <u>The price of the least</u> The rate of the rent is the same rate of related company's price. When comparing the rate with other like outsource, this rate is lower than outsource. <u>The opinion of Audit Committees</u> Audit Committees take the least into consideration and think it is reasonable price of the land and the conditions through the contract. |

3. Purchases of goods and services

| Seller/ provider | Buyer / customer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|---------------------|---------------------|--|-------------------|--------------|--|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| TSTL | TMILL | The company has purchased the packaging bags from TSTL for the flour and wheat, which was the products of the company. | 13.4 | 10.6 | <u>The importance of item</u> The company has purchased the packaging bags from TSTL for the various flour, which was the products of the company. <u>The reasons of price</u> The company held auction the sacks every quarter. |

| Seller/ provider | Buyer / customer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|---------------------|---------------------|--|-------------------|-----------------|--|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| | | | | | <p>There is purchasing the sacks from the winner of auction. In the first to fourth quarter of 2013, TSTL have been selected due to the best price and most beneficial conditions to the company.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conitions of item and the reasons of the price.</p> |
| TSTL | TMILL | The company used TSTL transportation to transport the various flour, which was the products of the company. The logistic agreement exactly identified the logistic rates by shipping areas. The agreement was expired on July 1, 2012. | - | 3.8 | <p><u>The importance of item</u></p> <p>The company used TSTL transportation to transport the various flour, which was the products of the company.</p> <p><u>The reasons of price</u></p> <p>The company opened for the bids at least 3 transport providers. TSTL have been selected due to the best price and most beneficial conditions to the company.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the</p> |

| Seller/ provider | Buyer / customer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|---------------------|---------------------|---|-------------------|-----------------|---|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| | | | | | importance of item, including the conditions of item and the reasons of the price. |
| TSTL | TMILL | The Company uses security services from TSTL to oversees the safety of the properties. The contract has a period for 1 year. The service fee is 74,000 Baht per month. For the period of the latest agreement is from June 1, 2013 to May 31, 2014. | 0.9 | 0.8 | <p><u>The importance of item</u></p> <p>The Company uses security services from TSTL to oversee the safety of the properties.</p> <p><u>The reasons of price</u></p> <p>The company's schedule for the security services of at least 3 bids and TSTL are those who have been selected. Due to the most beneficial price and conditions to the company.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conditions of item and the reasons of the price.</p> |
| TMILL | TSO | In quarter 2/2012, the company sold a forklift truck for 100,000 baht to TSO. the net book value as at the date of sale was 1,428.28 baht, made make a profit equal to 98,571.72 baht. | - | 0.1 | <p><u>The importance of item</u></p> <p>The Company has used Forklift truck for 5 years, which currently does not work effectively. If it will be repaired, may not be worth thus to sell and buy a new one instead.</p> <p><u>The reasons of price</u></p> |

| Seller/ provider | Buyer / customer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|---------------------|---------------------|---|-------------------|-----------------|---|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| | | | | | <p>There were service centers and other buyers make bids to purchase the forklift truck. The highest price that has been proposed was 100,000 baht, so this price is for sale to the TSO due to the best price.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conditions of item and the reasons of the price.</p> |
| TSO | TMILL | The company purchased the palm oil for donations. and gift baskets. | - | 0.05 | <p><u>The importance of item</u></p> <p>The company purchased the palm oil for donations. and gift baskets.</p> <p><u>The reasons of price</u></p> <p>This price is the same price as TSO sold to third parties.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conditions of item and the reasons of the price.</p> |

4. Other expenses

| Seller/ provider | Buyer / customer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|---------------------|---------------------|---|-------------------|-----------------|---|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| TSTE | TMILL | The company has paid the expenses for ferrying wheat as charges of loaders, ferrying, weighing, anchor, values through, the water supply and electricity included the warehouse rental. | 6.1 | 0.1 | <p><u>The importance of item</u></p> <p>The company has paid the expenses for ferrying wheat as charges of loaders, ferrying, weighing, anchor, values through, the water supply and electricity included the warehouse rental.</p> <p><u>The reasons of price</u></p> <p>According to the same conditions that as TSTE provided to third parties.</p> <p><u>The opinion of the Audit Committee</u></p> <p>The Audit Committee has considered and approved the importance of item, including the conditions of item and the reasons of the price.</p> |

5. Dividend

| Payee | Payer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|-------|-------|---|-------------------|-----------------|---|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| TSTE | TMILL | The company has announced an interim dividend payment of 100 million baht for the retained earnings to June 30, 2012. TSTE was received under the shareholding 98.82% in the rate of 0.50 baht per share. In 2013, the company has announced a dividend payment | 29.6 | 98.8 | <p><u>The importance of item</u></p> <p>General Meeting of Shareholders for the Year 2012, No. 1/2013 on April 25, 2013 has been approved the allocation of dividend to the</p> |

| Payee | Payer | Description/Conditions | The cost of items | | The importance and reasons of each items |
|-------|-------|---|-------------------|--------------|--|
| | | | Jan-Dec 2013 | Jan-Dec 2012 | |
| | | from net profit of the year 2012, TSTE was received under the shareholding 69.34% in the rate of 0.15 baht per share. | | | shareholders at the rate of 0.15 baht per share. <u>The reasons of price</u> According to the dividend payment policy is not less than 50 percent of net profit. |

6. Transactions of accrual basis between the Company and related companies

| Corporations that have accrual basis with the Company | Descriptions | The cost of items (Thousand Baht) December 21, 2013 |
|---|-------------------------------|---|
| TSTE | Deposit of the land and silos | 1,436 |
| | Accrued expense | 4,770 |
| | Accrued dividend | - |
| TSTL | Account payable | 1,307 |
| TSO | Deposit of Inventory | 490 |

The Opinions of Audit Committees

In the past, the Company has transactions with others companies by having same shareholders or same committees. The audit committees will examine and consider transactions by asking boards and committees, reading records and documents prepared by the Company. The audit committees will examine transactions that will end at December 31, 2013 and give some opinions either there are reasonable or not in terms of prices, conditions by comparing to global market. For further details, it is already mentioned via topic no. 10.1.

Policies or processes asking approval of transactions

According to the meeting No.3/2012 on March 15, 2012, there are policies and processes of making transactions so as to control the conflict of interest as required by Securities and Exchange Commission Thailand and the Stock Exchange of Thailand. Furthermore, the audit of committees will express their opinions related to price, suitability of transactions based on

the market price. Audits of committees also compare price with outsource. In the case of have no enough experience on that topic, the Company will use outsources who are expert on that field such as an auditor, an appraiser etc. Outsource will work independently apart from the Company. All of these help audit committees make a decision and then will offer to the boards of committees and shareholders in the meetings.

In addition, the Company makes a measurement by not allowing executives, or interested persons to make a decision or vote in that topic. The boards of director will be responsible for the Company following the law and regulations as required by Securities and Exchange Commission Thailand and the Stock Exchange of Thailand. The Company also abides by rules according to disclosure of information and transparency, related transactions, the trading of company's asset, accounting standard (the Stock Exchange of Thailand). The company will strictly comply with standard of Federal of Accounting Professions and will disclose information through annual registration statement (form 56-1) and an annual report.

Policies or tendency of making transactions in the future

For future transactions that may happen, all conditions will be as general trade based on price and terms reasonably. The Company and/or Group of companies will have audit committees and/ or independent committees name the remuneration. If any transactions are related to interested persons in terms of conflict of interest in the future, the Company will follow the laws or announcement and/ or regulations of Securities and Exchange Commission Thailand and/ or the Stock Exchange of Thailand. The Company may use independent expert or an auditor of the Company to give some opinions related to that transaction so as to help a decision-making process of boards or shareholders. Transactions will be shown at financial report as a remark proved by company's auditor.

For transaction with related company and the conflict of interest persons in the future, if the conditions is for general business under the business condition and for running the Company's business, the Company will set clear price' policies with fairness relying on market price and the Securities and Exchange Act B.E.2535 (1992) including the edition (No.4) 2009 article 89/12(1). The Company will do a report to audit committees every quarter as well.

For transaction with related company and the conflict of interest persons in the future, if the conditions are not based on general business conditions, the Company will allow audit committees to examine, consider in order to make transactions run properly by comparing the price with outsource, considering the reasonably price. If audit committees are not expert on that transaction, the Company will use other expertises like an auditor or an appraiser etc. These expertises are independent committees who have no conflict of interest of that transaction. They can give some advice helping a decision making process of board of directors.

Nonetheless, transactions can cause conflict of interest in the future. The Company conducts a policy not allowing any committees, executive, or interested persons are being the part of the transaction that they will get some benefits according to the law of Securities and Exchange Commission Thailand and the Stock Exchange of Thailand and Capital Market Supervisory Board (CMSB) or any related organisation as well as Federation of Accounting Professions.



The explanation and analysis of financial and operational process.

Fiscal year of the Company starts from 1 January to 31 December of every year.

The report of Auditors

1) Auditors

2011 Miss Prapasi Leelasupa Certified Public Accountant No. 4664

AMC Office Co., Ltd/

2012 Miss Prapasi Leelasupa Certified Public Accountant No. 4664

AMC Office Co., Ltd/

2013 Miss Prapasi Leelasupa Certified Public Accountant No. 4664

AMC Office Co., Ltd/

2) The summary of Auditing by An Auditor for past 3 years

2011 An auditor has examined financial statement by giving opinion without comments thoroughly.

2012 An auditor has examined financial statement by giving opinion without comments thoroughly.

2013 An auditor has examined financial statement by giving opinion without comments thoroughly.

**Income Statement**

As at 31 December 2013

Unit : Million Baht

| List | Financial Statements | | | | | | Statement |
|--|----------------------|--------------|----------------|--------------|----------------|--------------|---------------|
| | 2011 | | 2012 | | 2013 | | of Change |
| | Amount | % | Amount | % | Amount | % | % |
| Income | | | | | | | |
| Revenue from sales | 897.8 | 98.6 | 1,034.2 | 96.9 | 1,106.9 | 99.7 | 7.0 |
| Other incomes | 12.9 | 1.4 | 7.0 | 0.7 | 3.1 | 0.3 | (55.4) |
| Income from insurance compensation | - | - | 26.0 | 2.4 | - | - | (100.0) |
| Total revenues | 910.7 | 100.0 | 1,067.2 | 100.0 | 1,110.0 | 100.0 | 6.4 |
| Operating expenses | | | | | | | |
| Cost of sales | 734.2 | 80.6 | 867.3 | 81.3 | 942.9 | 84.9 | 8.7 |
| Selling expense | 15.7 | 1.7 | 26.1 | 2.4 | 28.5 | 2.6 | 9.4 |
| Administrative expense | 46.4 | 5.1 | 48.8 | 4.6 | 49.3 | 4.4 | 1.1 |
| Loss of daterial damaged fire | 33.6 | 3.7 | - | - | - | - | |
| Total Expenses | 829.9 | 91.1 | 942.2 | 88.3 | 1,020.8 | 92.0 | 8.3 |
| Profit (Loss) before finance costs and income tax expense | 80.8 | 8.9 | 125.1 | 11.7 | 89.2 | 8.0 | (28.7) |
| Finance costs | 20.5 | 2.3 | 20.4 | 1.9 | 11.3 | 1.0 | (44.8) |
| Profit before income tax expense | 60.3 | 6.6 | 104.7 | 9.8 | 78.0 | 7.0 | (25.5) |
| Income tax expense | 18.1 | 2.0 | 25.4 | 2.4 | 15.8 | 1.4 | (37.9) |
| Profit from discontinued operations | - | - | - | - | - | - | - |
| Profit (Loss) for the year | 42.2 | 4.6 | 79.3 | 7.4 | 62.2 | 5.6 | (21.5) |
| Earnings (loss) per share | 0.2108 | | 0.3791 | | 0.2182 | | (42.4) |
| Total authorized number of ordinary shares (1,000 Shares) | 200.0 | | 209.1 | | 285.0 | | 0.0 |
| Earnings per share Fully Diluted (Baht per share) | 0.1479 | | 0.2781 | | 0.2182 | | (21.5) |

**Statement of Financial Position****As at 31 December 2013**

Unit : Million Baht

| List | Financial Statements | | | | | | Statement |
|---|----------------------|-------|---------|-------|--------|-------|-----------|
| | 2011 | | 2012 | | 2013 | | of Change |
| | Amount | % | Amount | % | Amount | % | % |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 27.6 | 3.4 | 41.8 | 4.0 | 45.8 | 4.9 | 9.6 |
| Trade receivables (Net) | 102.1 | 12.6 | 123.9 | 12.0 | 145.1 | 15.5 | 17.1 |
| Other receivables | 1.0 | 0.1 | 1.4 | 0.1 | 1.8 | 0.2 | 23.7 |
| Short-term loans to related parties | - | - | - | - | - | - | |
| Temporary investments | - | - | - | - | - | - | |
| Accrued compensation from the insurance company | - | - | - | - | - | - | |
| Inventories | 308.5 | 38.1 | 523.2 | 50.6 | 356.3 | 38.1 | (31.9) |
| Other current assets | 2.9 | 0.4 | 5.6 | 0.5 | 3.6 | 0.4 | (34.6) |
| Total current assets | 442.1 | 54.6 | 695.9 | 67.3 | 552.6 | 59.0 | (20.6) |
| Non-current assets | | | | | | | |
| Long-term loans | - | - | - | - | - | - | |
| Property, plant and equipment | 351.7 | 43.4 | 332.0 | 32.1 | 377.1 | 40.3 | 13.6 |
| Deferred tax assets | 13.5 | 1.7 | 2.7 | 0.3 | 2.8 | 0.3 | 2.1 |
| Other non-current assets | 3.1 | 0.4 | 3.5 | 0.3 | 3.7 | 0.4 | 3.9 |
| Total non-current assets | 368.2 | 45.4 | 338.2 | 32.7 | 383.5 | 41.0 | 13.4 |
| Total assets | 810.3 | 100.0 | 1,034.2 | 100.0 | 936.1 | 100.0 | (9.5) |

Unit : Million Baht



| List | Financial Statements | | | | | | Statement |
|---|----------------------|-------------|--------------|-------------|--------------|-------------|---------------|
| | 2011 | | 2012 | | 2013 | | of Change |
| | Amount | % | Amount | % | Amount | % | % |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Short-term loans | | | | | | | |
| from financial institutions | 380.5 | 47.0 | 220.2 | 21.3 | 277.3 | 29.6 | 25.9 |
| Bank overdrafts | 40.0 | 4.9 | - | - | 18.0 | 1.9 | 100.0 |
| Trade payables | | | | | | | |
| Related parties | 0.4 | 0.0 | 0.8 | 0.1 | 1.3 | 0.1 | 58.5 |
| Others | 14.7 | 1.8 | 239.5 | 23.2 | 34.3 | 3.7 | (85.7) |
| Expenses payable | 12.6 | 1.6 | 10.0 | 1.0 | 13.1 | 1.4 | 30.9 |
| Income tax payable | 13.8 | 1.7 | 3.7 | 0.4 | 7.3 | 0.8 | 95.0 |
| Other current liabilities | 5.7 | 0.7 | 6.7 | 0.7 | 8.0 | 0.9 | 19.0 |
| Total current liabilities | 467.7 | 57.7 | 481.0 | 46.5 | 359.3 | 38.4 | (25.3) |
| Non-current liabilities | | | | | | | |
| Long-term loans from financial institutions | 20.0 | 2.5 | - | - | 2.9 | 0.3 | 100.0 |
| Employee benefit liabilities | 2.6 | 0.3 | 0.3 | 0.0 | 0.4 | 0.0 | 26.6 |
| Rent payable | 1.7 | 0.2 | 2.9 | 0.3 | 4.1 | 0.4 | 41.4 |
| Total non-current liabilities | 24.3 | 3.0 | 3.2 | 0.3 | 7.4 | 0.8 | 131.2 |
| Total liabilities | 491.9 | 60.7 | 484.2 | 46.8 | 366.7 | 39.2 | (24.3) |



Unit : Million Baht

| List | Financial Statements | | | | | | Statement of Change |
|--|----------------------|-------|---------|-------|--------|-------|------------------------|
| | 2011 | | 2012 | | 2013 | | |
| | Amount | % | Amount | % | Amount | % | % |
| Shareholders' equity | | | | | | | |
| Authorized and paid-up share capital | 200.0 | 24.7 | 285.0 | 27.6 | 285.0 | 30.4 | 0.0 |
| Premium on shares | - | - | 167.3 | 16.2 | 167.3 | 17.9 | 0.0 |
| Retained earnings | | | | | | | |
| Appropriated - Legal reserve | 10.9 | 1.3 | 15.5 | 1.5 | 18.7 | 2.0 | 20.6 |
| Unappropriated | 107.5 | 13.3 | 82.1 | 7.9 | 98.4 | 10.5 | 19.8 |
| Total shareholders' equity | 318.4 | 39.3 | 550.0 | 53.2 | 569.4 | 60.8 | 3.5 |
| | | | | | | | |
| Total liabilities and shareholders' equity | 810.3 | 100.0 | 1,034.2 | 100.0 | 936.1 | 100.0 | (9.5) |

**Cash Flows**

Unit : Million Baht

| List | Financial Satatements | | |
|---|-----------------------|---------|---------|
| | 2011 | 2012 | 2013 |
| Cash flows from operating activities | | | |
| Profit before income tax expense | 60.3 | 104.7 | 78.0 |
| Adjustments for | | | |
| Doubtful (Reversal) | (3.0) | 0.4 | (0.1) |
| Non-performing loan | 1.6 | 0.0 | 0.0 |
| Reduced inventories value reserving | 33.6 | 0.0 | 0.0 |
| Depreciation | 22.7 | 22.1 | 20.1 |
| Allowance for decline in value of inventories | 0.0 | (0.3) | (0.3) |
| Interest on bonds decrease in value. | (0.0) | 0.0 | 0.0 |
| Unrealized gain (loss) on foreign currency exchange | 0.2 | (0.2) | 0.5 |
| Income compensation | 0.0 | (26.0) | 0.0 |
| Employee benefit expense | 0.8 | 0.1 | 0.1 |
| Profit from actuarial estimates. | 0.0 | (2.2) | 0.0 |
| Interest income | 0.0 | 0.1 | 0.2 |
| Interest expense | 19.9 | 19.2 | 10.6 |
| Profit provided by operating activities before changes in operating assets and liabilities | 136.2 | 117.7 | 108.6 |
| Decrease (increase) in operating assets | | | |
| Trade and other receivables | 0.7 | (22.5) | (21.4) |
| Inventories | (140.0) | (214.7) | 166.9 |
| Other current assets | 0.0 | (3.4) | 1.9 |
| Other non-current assets | 0.0 | (0.5) | (0.1) |
| Increase (decrease) in operating liabilities | | | |
| Trade and other payables | (46.3) | 223.2 | (200.9) |
| Other current liabilities | (0.7) | 0.9 | (0.2) |
| Employee benefit liabilities | 0.0 | (0.3) | 0.0 |
| Other non-current liabilities | 1.2 | 1.2 | 1.2 |
| Cash generated from the operations | (49.0) | 101.7 | 56.0 |
| Interest received | 0.0 | 0.1 | 0.2 |
| Interest expense | (19.8) | (19.3) | (10.5) |
| Income tax paid | (35.0) | (24.7) | (12.3) |
| Compensation from the insurance company | 0.0 | 26.0 | 0.0 |
| Net cash provided (used) by operating activities | (103.8) | 83.7 | 33.4 |

Unit : Million Baht



| List | Financial Satatements | | |
|---|-----------------------|---------------|---------------|
| | 2011 | 2012 | 2013 |
| Cash flows from investing activities | | | |
| Payments received on loans to related parties | 0.0 | 0.0 | 0.0 |
| Purchases of property, plant and equipment | (13.3) | (4.4) | (35.2) |
| Proceeds from sales of property, plant and equipment | 0.0 | 0.4 | 0.4 |
| Proceeds from return of investments | 0.5 | 0.0 | 0.0 |
| (Increase) Decrease in others non-current assets | (1.6) | 0.0 | (29.8) |
| Net cash provided (used) from investing activities | (14.4) | (4.0) | (64.7) |
| Cash flows from financing activities | | | |
| Increase (Decrease) in short-term loans from financial institutions | 150.2 | (160.3) | 57.1 |
| Proceeds from (payments of) short-term loans from related parties | 0.0 | 0.0 | 0.0 |
| Proceeds from short-term debts | 0.0 | 0.0 | 0.0 |
| Proceeds from long-term debts | 0.0 | 0.0 | 20.9 |
| Acquisition in capital interests | 0.0 | 263.5 | 0.0 |
| Payments of finance lease | 0.0 | (8.7) | 0.0 |
| Payments of long-term loans | (40.0) | (60.0) | 0.0 |
| Dividends paid | 0.0 | (100.0) | (42.7) |
| Dividends paid to owners | 0.0 | 0.0 | 0.0 |
| Net cash provided (used) in financing activities | 110.2 | (65.5) | 35.3 |
| Net increase (decrease) in cash and cash equivalents | (8.0) | 14.2 | 4.0 |
| Cash and cash equivalents at beginning of the year | 35.6 | 27.6 | 41.8 |
| Cash and cash equivalents at end of the year | 27.6 | 41.8 | 45.8 |

**Financial Ratio**

| List | Unit | Financial Satatements | | |
|--|------|-----------------------|--------|--------|
| | | 2011 | 2012 | 2013 |
| Liquidity Ratio | | | | |
| Current Ratio | Time | 0.95 | 1.45 | 1.54 |
| Quick Ratio | Time | 0.28 | 0.34 | 0.52 |
| Cash Flow Ratio | Time | N/A | 0.18 | 0.08 |
| Accounts Receivable Turnover Ratio | Time | 8.23 | 8.70 | 7.88 |
| Average Collection Period Ratio | Day | 43.76 | 41.38 | 45.70 |
| Inventory Turnover Ratio | Time | 2.88 | 2.09 | 2.14 |
| Average Days Sales Ratio | Day | 125.17 | 172.62 | 167.89 |
| Payable Turnover Ratio | Time | 18.98 | 6.79 | 6.83 |
| Debt Repayment Period Ratio | Day | 18.96 | 53.02 | 52.68 |
| Cash Cycle | Day | 149.97 | 160.98 | 160.91 |
| Profitability Raito | | | | |
| Gross Profit Margin | % | 18.22 | 16.14 | 14.81 |
| Operating Income Margin | % | 11.30 | 8.90 | 7.78 |
| Others Profit Margin | % | 1.41 | 0.66 | 0.28 |
| Cash Profit Margin | % | -102.24 | 90.89 | 38.82 |
| Net Profit Margin | % | 4.63 | 7.43 | 5.60 |
| Return on Equity Ratio | % | 14.22 | 18.25 | 11.11 |
| Efficiency Raito | | | | |
| Return On Assets Ratio | % | 5.56 | 8.59 | 6.31 |
| Return On Fixed Assets Ratio | % | 18.24 | 29.64 | 23.20 |
| Assets Turnover Ratio | Time | 1.20 | 1.16 | 1.13 |
| Financial Policy Raito | | | | |
| Debt to Net Worth | Time | 1.55 | 0.88 | 0.64 |
| Interest Coverage Ratio | Time | N/A | 6.35 | 5.37 |
| Debt to Equity Ratio | Time | 1.09 | 0.26 | 0.66 |
| Price to Earning Ratio | % | 0.00 | 126.18 | 68.75 |
| Per share data (Par value of Baht 1 per share) | | | | |
| Book value per share | Baht | 1.59 | 1.93 | 2.00 |
| Earnings Per Share* | Baht | 0.2108 | 0.3791 | 0.2182 |

Operating results

In 2013, operating results and financial position of T S FLOUR MILL PUBLIC COMPANY LIMITED can be summarized as follows:

- Income

For the year 2013, the Company had revenues from sales of 1,106.9 million baht, up 7.0 percent from the previous year to 1,034.2 million baht. According to expanding the customer base to support expanded capacity will be doubled by the end of 2014, other income decreased significantly from the year 2012. Including the compensation from the insurance company, the material damaged the fire at the end of 2011, amount 25.9 million baht, the revenue from the assessment of compensation benefits to employees of 2.0 million baht and revenue from the fines shipdelayed of 1.5 million baht.

- Costs and expenses

For the year 2013, the cost of sales of the company at 942.9 million baht or approximately 85.2 percent of the revenue from sales higher than cost of sales ratio of the company in the previous year, which at 83.9 percent. The major cause of fluctuations in the price of wheat, which is the raw material. The main factors for determining price of wheat flour is the average price of wheat in the world market at that time.

In 2013, the company's expenses at 28.5 million baht, representing 2.6 percent of the revenue from sales increases from the proportion of the previous year 2.5 percent. The major cause of the cost of transporting goods has increased the sales of increasing wheat flour and oil. Resulting transportation costs are increased as defined in the contract of carriage.

- Administrative expense

The Company's administrative expenses were 49.3 million baht. The major administrative expenses consists the expenses on employees, depreciation, utilities, land and warehouse lease and general maintenance and repairs. If the proportion of administrative expenses per the revenue from the sales, can be found at proportion of 4.5 percent. Its decrease from the previous year at proportion of 4.7 percent. Mainly due to the revenue from sales of the year 2012, which increased to 7.0 percent from the previous year.

- Profit

In 2013, the gross profit margin of the company at 14.8 percent was lower than the gross profit margin in the same period of the previous year, which at 16.1 percent. The major cause of fluctuations in the price of wheat, which is the raw material as mentioned above.

In 2013, the company had a net profit of 62.2 million baht, which decreased 17.1 million baht representing 21.5 percent when compared to the same period last year (after adjustment of deferred tax). There are the following reasons:

1. In 2012, the company had the profit before interest and income tax expenses over the year 2013 approximately 35.9 million baht, which is a major cause of the company's raw material damaged by the fire, Resulting in the profit of 7.7 million baht and the compensation from insurance company as 25.98 million baht

2. In 2013, the finance costs decreased from the year 2012 of 9.2 million baht, due to the proceeds of fundraising at the end of 2012 to repay the long-term loans from financial institutions to reduce the interest burden of 2013. In addition, the Company has a turnover from the sales growth in 2013, resulting in using of reduced credit facilities.
3. In 2013, Income tax expense decreased by 9.6 million baht as a result of improved income tax accounting standard No. 12, which resulted in increased income of 10.8 million baht in 2012.

- Assets

The Company's total assets at the end of 2013 was 936.1 million baht, which is less than the end of 2012 about 98.1 million baht, representing a decrease of 9.5 percent by the reduction of total assets at the end of 2013. Due mainly to the inventories decreasing.

Trade receivables

At the end of 2013, the Company's trade receivables were 145.1 million baht, up 17.1 percent from the end of 2012, which at 123.9 million baht. Due mainly to 7.0 percent of the sales growth and opening for credit to more customers. The all of trade receivables doesn't unrelated. In addition, many more receivables classified as receivables not yet due and payables no more than 3 months.

The Company has an evaluation allowance for doubtful accounts by analyzing payment histories and predictions about the future obligations of each debtor is expected to not be paid. For the year 2013, there is one case of the allowance for doubtful in the amount of 0.4 million baht and non-performing loan recoverable 0.5 million baht.

Inventories

At the end of 2013, the Company's inventories were 356.3 million baht, a decrease of inventories at the end of 2012, which at 523.2 million baht, representing 31.9 percent. If the proportion of inventories to total assets, compared to 38.1 percent at the end of year 2013, down from 50.6 percent at the end of 2012. at the end of 2012, the main inventories, the raw materials at amount 239.4 million baht. Due ordering the wheat to accommodate the capacity to increase in 2013. Resulting as the ended year 2013, the use of raw materials for production increased.

In addition, at the end of 2013, the company has commitments in respect to purchase raw materials from overseas backlog totaling 0.74 million USD, which is raw materials to the company entered into a purchase agreement, but not shipping to Thailand yet.

Property and equipment, net

Office building, factory, warehouse and silo of the company are located on the rental property. The company rents from THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED ("TSTE") for 30 years, since 1 August 2010 to 31 July 2040. The company's property and equipment comprised of machinery, factory buildings, factory equipments, lab equipments, and vehicles.

At the end of 2013, the company's fixed assets in the amount of 377.1 million baht, compared to the company's total assets accounted for 40.3 percent. Consist of machinery and equipment 217.6 million baht, factory buildings and

improvement building 61.5 million baht, utilities 21.4 million baht and vehicles 7.2 million baht. In 2556, there was the addition of an extension to increase capacity from 250 tonnes to 500 tonnes per day. Assets under construction has increased by 36.2 million baht.

Efficiency ratio

In 2013, the Company's return on assets and fixed assets ratio were 6.31% and 23.20% respectively, lower than in 2012. Due mainly to the net profit decreased to 62.2 million baht in 2013 from 79.3 million baht in 2012. According to the year 2012, there was a special compensation from the insurance company as mentioned above.

In 2012-2013, the company's assets turnover ratio were 1.16 and 1.13 times respectively.

Liquidity Ratio and Sources of Capital

Cash Flows

In 2013, the cash flows from operations' company was 33.4 million baht, with the main item is the profit before income tax expense at 78.0 million baht, which was updated with items such as depreciation and interest expenses. Profit from operations before changes in operating assets and liabilities at 108.6 million baht. In addition, an increase in trade receivables of 21.4 million baht, due to sales growth in 2013, higher than sales in 2012 to 7.0 percent. It also decreased in inventories of 166.9 million baht, which in 2013 with the use of raw materials to produce more raw materials, the outstanding end of period decreased and a decrease of trade payables in the amount 200.9 million baht. Mostly, due to the decrease in abroad trade payables, occurs between the raw material supplier to the company. The raw materials on the way, but the Bill of Lading is yet to come.

The company's cash flows used in investing activities was 64.7 million baht, as paid by cash to purchase of fixed assets and 65.1 million baht to proceeds from the disposal of fixed assets of 0.4 million baht.

The company's cash flows from financing activities of 35.3 million baht, mostly for short-term loans from financial institutions of 57.1 million baht to pay for the wheat, which is the primary raw material in production. A long-term loan in order to expand the production capacity of 20.9 million baht, and a dividend payment of 42.7 million baht.

Liquidity Ratio

The increase in the ratio in 2013 from 2012 was due to the decrease in the ratio of the current assets less the current liabilities. The current assets at the end of year 2013 decreased 20.6 percent from the end of year 2012 was due mainly to the decrease in the inventories. The current liabilities at the end of 2013 decreased 25.3 percent from the end of 2012, due to the decrease in aboard trade payables.

- Liabilities

At the end of 2013 and 2012, the company had the total liabilities of 366.7 and 484.2 million baht respectively. Reduction of the total liabilities in 2556, the main factor is the decrease aboard trade payables.

The end of 2013, there was interest expenses as main liabilities, the company's liabilities with interest equal to 298.2 million baht, representing relative to shareholders' equity of the company equal to 0.5 times, up from the end of 2012,

respectively 0.4 times. The capital from shareholders amounting to 569.4 million baht and 550.0 million baht at the ended year 2013 and 2012 respectively.

In 2013, the company has a long-term loan to expand production capacity. The company received a loan from a financial institution in the amount of 550 million baht and are utilized based on the success of the work, which at 20.9 million baht in the end of 2013.

- **Shareholders' equity**

At the end of 2013, the total shareholders's equity at 569.4 million baht, an increase of 19.4 million baht from the end of 2012. As a result of total comprehensive income 62.2 million baht and dividend payment 42.7 million baht.

- **Capital Structure**

Debt to equity ratio at the end of 2013 and 2012 were 0.64 and 0.88 times respectively. The reduction of debt to equity ratio at the end of 2013, due mainly to the decline of liabilities. The trade and other payables at the end of 2013 decreased by 85.7 from the end of 2012, while the shareholders' equity at the end of 2013 closed to the end of **2012**.

Remuneration of auditors

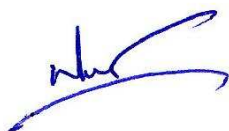
In 2013, the Company's audit fee in the amount of 570,000 baht and other surcharges in amount of 60,000 baht.

Report of the committees responsibility in doing financial report (2013)

The boards of directors are responsible for financial budget and all information that are appeared in the annual report. An annual financial report of December 31, 2013 had made following the global accounting standard by using appropriate policies with prudence. All information is full with important detail which is enough for understanding financial position, overall operation and company's cash flow with transparency. The information will be beneficial for shareholders and other investors which are proved by an auditor (A M C Office Co., Ltd.) giving opinion without comments thoroughly. During the auditing process, the Company totally supports an auditor by giving important information and documents so that the auditor can do his job successfully.

Moreover, the boards of director also efficiently and effectively maintain internal system to examine and control its organization. The boards of directors agree that the internal system of its organization is perfect enough to create confidence for the financial report of the Company in December 31, 2013.

Furthermore, the boards of Committee appoint audit committees which are independent committees. Audit committees will be responsible for financial report in order to make it work properly as well as internal control system supporting information to an auditor. The opinions of audit committees have already appeared through the audit committees' part of annual report.



(Mr. Prapas Chutimaworaphan)

Chairman of the Executive Board



(Dr. Charnkrij Dejvitak)

Managing Director & Executive vice chairman



Mr. Prapas Chutimaworaphan



Dr. Charnkrij Dejvitak



Part II

T S Flour Mill Public Company Limited

Financial Statement

For the Year's Ended 2013

AUDITOR'S REPORT

To the Shareholders of T S FLOUR MILL PUBLIC COMPANY LIMITED

I have audited the accompanying financial statements of T S FLOUR MILL PUBLIC COMPANY LIMITED, which comprise the statements of financial positions as at December 31, 2013, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of T S FLOUR MILL PUBLIC COMPANY LIMITED as at December 31, 2013, and of its financial performance and its cash flows for the year ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter and Event

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

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

(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand) Registration No. 4664

Bangkok,

February 27, 2014

T S FLOUR MILL PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITIONS

As at December 31, 2013

(Unit : Baht)

| | | As at | | |
|---|--------------|--------------------------|--------------------------|------------------------|
| | Notes | December 31, 2013 | December 31, 2012 | January 1, 2012 |
| | | | (Restated) | (Restated) |
| <u>Assets</u> | | | | |
| Current assets | | | | |
| Cash and cash equivalent items | | 45,821,921 | 41,816,745 | 27,619,060 |
| Trade and other accounts receivable-net | 6 | 146,832,739 | 125,322,575 | 103,154,620 |
| Inventories | 7 | 356,293,212 | 523,233,851 | 308,505,669 |
| Other current assets | | 3,640,078 | 5,567,988 | 2,859,348 |
| Total current assets | | 552,587,950 | 695,941,159 | 442,138,697 |
| Non-current assets | | | | |
| Plant and equipment-net | 8 | 347,303,520 | 332,024,316 | 351,660,075 |
| Deposit for machines | | 29,808,550 | - | - |
| Deferred tax assets | 9 | 2,756,366 | 2,698,483 | 13,456,133 |
| Other non-current assets | | 3,662,018 | 3,525,054 | 3,061,896 |
| Total non-current assets | | 383,530,454 | 338,247,853 | 368,178,104 |
| Total assets | | 936,118,404 | 1,034,189,012 | 810,316,801 |

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

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITIONS

As at December 31, 2013

(Unit : Baht)

| | | As at | | |
|--|-------|-------------------|-------------------|-----------------|
| | Notes | December 31, 2013 | December 31, 2012 | January 1, 2012 |
| | | | (Restated) | (Restated) |
| <u>Liabilities and shareholders' equity</u> | | | | |
| Current liabilities | | | | |
| Short-term loans from financial institutions | 11 | 277,277,611 | 220,161,057 | 380,493,178 |
| Trade and other accounts payable | 12 | 51,188,464 | 251,303,445 | 28,426,608 |
| Current portion of long-term loan | 13 | 18,000,000 | - | 40,000,000 |
| Accrued income tax payable | | 7,274,211 | 3,730,203 | 13,749,854 |
| Other current liabilities | | 5,589,533 | 5,837,698 | 4,982,677 |
| Total current liabilities | | 359,329,819 | 481,032,403 | 467,652,317 |
| Non-current liabilities | | | | |
| Long-term loan from financial institution | 13 | 2,916,585 | - | 20,000,000 |
| Employee benefit obligations | 14 | 367,644 | 290,380 | 2,574,627 |
| Other non-current liabilities | | 4,110,790 | 2,907,632 | 1,704,474 |
| Total non-current liabilities | | 7,395,019 | 3,198,012 | 24,279,101 |
| Total liabilities | | 366,724,838 | 484,230,415 | 491,931,418 |

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

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITIONS

As at December 31, 2013

(Unit : Baht)

| | | As at | | |
|--|-------|-------------------|-------------------|-----------------|
| | Notes | December 31, 2013 | December 31, 2012 | January 1, 2012 |
| | | | (Restated) | (Restated) |
| Shareholders' equity | | | | |
| Share capital | 15 | | | |
| Authorized share capital | | | | |
| 285,000,000 ordinary shares @ Baht 1.00 each | | 285,000,000 | 285,000,000 | 285,000,000 |
| Issued and paid-up share capital | | | | |
| 285,000,000 ordinary shares @ Baht 1.00 each | | 285,000,000 | 285,000,000 | - |
| 200,000,000 ordinary shares @ Baht 1.00 each | | - | - | 200,000,000 |
| Premiums on ordinary shares | 16 | 167,320,594 | 167,320,594 | - |
| Retained earnings | | | | |
| Appropriated | | | | |
| Legal reserve | 18 | 18,700,000 | 15,500,000 | 10,900,000 |
| Unappropriated | | 98,372,972 | 82,138,003 | 107,485,383 |
| Total shareholders' equity | | 569,393,566 | 549,958,597 | 318,385,383 |
| Total liabilities and shareholders' equity | | 936,118,404 | 1,034,189,012 | 810,316,801 |

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

T S FLOUR MILL PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2013

| | | (Unit : Baht) | |
|--|--------------|----------------------|-------------------|
| | Notes | 2013 | 2012 |
| | | | (Restated) |
| Revenue from sales | | 1,106,880,816 | 1,034,244,421 |
| Cost of sales | | (942,940,075) | (867,295,625) |
| Gross profit | | 163,940,741 | 166,948,796 |
| Other income | | 3,132,384 | 7,020,855 |
| Revenue from insurance compensation | | - | 25,984,598 |
| Selling expenses | | (28,505,429) | (26,067,896) |
| Administrative expenses | 20 | (49,341,045) | (48,826,647) |
| Financial cost | | (11,265,038) | (20,393,621) |
| Profit before income tax | | 77,961,613 | 104,666,085 |
| Income tax expenses | 22 | (15,778,580) | (25,413,465) |
| Profit for the year | | 62,183,033 | 79,252,620 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the years | | 62,183,033 | 79,252,620 |
| Earnings per share | 23 | | |
| Basic earnings per share | | 0.22 | 0.38 |

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

T S FLOUR MILL PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2013

(Unit : Baht)

| | | Issued and | Premiums | Retained Earnings | | Total |
|--|-------|---------------|-------------|-------------------|----------------|---------------|
| | | paid-up | on share | Appropriated | Unappropriated | shareholders' |
| | Notes | share capital | capital | legal reserve | | equity |
| Balances as at January 1, 2012 - Previously reported | | 200,000,000 | - | 10,900,000 | 94,029,250 | 304,929,250 |
| Impact of changes in accounting policies | 3 | - | - | - | 13,456,133 | 13,456,133 |
| Balances as at January 1, 2012 (Restated) | | 200,000,000 | - | 10,900,000 | 107,485,383 | 318,385,383 |
| Increased ordinary shares | 15 | 85,000,000 | 167,320,594 | - | - | 252,320,594 |
| Dividend paid | 17 | - | - | - | (100,000,000) | (100,000,000) |
| Appropriated legal reserve | 18 | - | - | 4,600,000 | (4,600,000) | - |
| Comprehensive income for the year (Restated) | | - | - | - | 79,252,620 | 79,252,620 |
| Balances as at December 31, 2012 (Restated) | | 285,000,000 | 167,320,594 | 15,500,000 | 82,138,003 | 549,958,597 |
| Dividend paid | 17 | - | - | - | (42,748,064) | (42,748,064) |
| Appropriated legal reserve | 18 | - | - | 3,200,000 | (3,200,000) | - |
| Comprehensive income for the year | | - | - | - | 62,183,033 | 62,183,033 |
| Balances as at December 31, 2013 | | 285,000,000 | 167,320,594 | 18,700,000 | 98,372,972 | 569,393,566 |

Notes to financial statements are an integral part of the above statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013

(Unit : Baht)

| | 2013 | 2012 |
|--|---------------|---------------|
| Cash flow from operating activities | | |
| Profit before income tax | 77,961,613 | 104,666,085 |
| Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities :- | | |
| Doubtful accounts (reversal) | (93,585) | 370,999 |
| Depreciation | 20,062,031 | 22,052,580 |
| Revenue from insurance compensation | - | (25,984,598) |
| Gain from disposed and written-off assets | (315,072) | (261,811) |
| Unrealized (gain) loss on exchange rate | 514,659 | (166,366) |
| Employee benefits expenses | 77,264 | 132,117 |
| Actuarial gain | - | (2,155,405) |
| Interest income | (172,911) | (133,102) |
| Interest expenses | 10,571,930 | 19,207,025 |
| Profit from operation before changes in operating assets and liabilities | 108,605,929 | 117,727,524 |
| Operating assets (increase) decrease | | |
| Trade and other accounts receivable | (21,415,431) | (22,538,954) |
| Inventories | 166,940,639 | (214,728,182) |
| Other current assets | 1,927,910 | (3,402,015) |
| Other non-current assets | (136,964) | (463,158) |
| Operating liabilities increase (decrease) | | |
| Trade and other accounts payable | (200,865,440) | 223,167,329 |
| Other current liabilities | (248,165) | 855,021 |
| Employee benefit obligations | - | (260,959) |
| Other non-current liabilities | 1,203,158 | 1,203,158 |
| Cash received (paid) from operating activities | 56,011,636 | 101,559,764 |
| Interest received | 171,763 | 133,102 |
| Interest paid | (10,472,629) | (19,331,151) |
| Income tax paid | (12,292,455) | (24,675,466) |
| Compensation received from insurance company | - | 25,984,598 |
| Net cash provided from operating activities | 33,418,315 | 83,670,847 |

Notes to financial statements are an integral part of the above statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013

(Unit : Baht)

| | 2013 | 2012 |
|--|--------------|--------------|
| Cash flow from investing activities | | |
| Purchased of plant and equipments | (35,246,823) | (4,367,878) |
| Cash received from sale of plant and equipment | 357,159 | 406,243 |
| Cash paid for machines deposited | (29,808,550) | - |
| Net cash used in investing activities | (64,698,214) | (3,961,635) |
| Cash flow from financing activities | | |
| Increase (Decrease) in short-term loan from financial institutions | 57,116,554 | ##### |
| Cash received from long-term loan from financial institutions | 20,916,585 | - |
| Cash paid for long-term loan from financial institutions | - | (60,000,000) |
| Cash received from increased ordinary shares | - | 263,500,000 |
| Cash paid for expenses of increased ordinary shares | - | (8,679,406) |
| Dividend paid | (42,748,064) | ##### |
| Net cash received from (used in) financing activities | 35,285,075 | (65,511,527) |
| Cash and cash equivalent items increase-net | 4,005,176 | 14,197,685 |
| Cash and cash equivalent items at the beginning of the year | 41,816,745 | 27,619,060 |
| Cash and cash equivalent items at the end of the year | 45,821,921 | 41,816,745 |
| <u>Additional disclosure :</u> | | |
| 1. Items not affecting cash flow are as follows :- | | |
| - Appropriation of legal reserve from unappropriated retained earnings | 3,200,000 | 4,600,000 |
| - Transfer of plant and equipment to other currents assets | - | 903,313 |
| 2. Cash and cash equivalent items consisted of : | | |
| - Cash | 20,000 | 20,000 |
| - Bank deposits | 34,506,271 | 41,668,445 |
| - Cheques on hand | 11,295,650 | 128,300 |
| | 45,821,921 | 41,816,745 |

Notes to financial statements are an integral part of the above statements.

T S FLOUR MILL PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. General information

T S FLOUR MILL PUBLIC COMPANY LIMITED (The Company) was registered on February 3, 1977 as a limited company under Civil and Commercial Code with company registration number 0105520001455 and later registered its conversion to a public company limited on June 29, 2010 with registration number 0107553000131. Its registered office and factory are located at 90/9 Moo 1, Soi Siamsilo, Poochaosamingphrai Road, Tambon Samrongklang, Amphur Phrapradaeng, Samutprakarn Province, Thailand. Presently the Company operates businesses in Thailand relating to production and distribution of wheat flour.

The Parent Company is Thai Sugar Terminal Public Co., Ltd., which holds 69.34% of the Company's shares and the ultimate Parent Company is Khon Kaen Sugar Industry Public Co., Ltd. Both companies are incorporated in Thailand.

On November 23, 2012, the Company was listed on The Market for Alternative Investment of Thailand and commenced public trading of its ordinary shares on the same date.

2. Basis of financial statements preparation

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

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

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

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

- 2.3 During the year 2013, the Company adopted a number of new and revised Thai Financial Reporting Standards (TFRS), issued by the Federation of Accounting Professions, as follows:-

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

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

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

| <u>Reference standard No.</u> | <u>Name</u> | <u>Effective date</u> |
|--|---|-----------------------|
| <u>Thai Accounting Standards (TAS)</u> | | |
| TAS No. 1 (Revised 2012) | Presentation of Financial Statements | January 1, 2014 |
| TAS No. 7 (Revised 2012) | Statements of Cash Flows | January 1, 2014 |
| TAS No. 12 (Revised 2012) | Income Taxes | January 1, 2014 |
| TAS No. 17 (Revised 2012) | Leases | January 1, 2014 |
| TAS No. 18 (Revised 2012) | Revenue | January 1, 2014 |
| TAS No. 19 (Revised 2012) | Employee benefits | January 1, 2014 |
| TAS No. 21 (Revised 2012) | The Effects of Changes in Foreign Exchange Rate | January 1, 2014 |
| TAS No. 24 (Revised 2012) | Related Party Disclosures | January 1, 2014 |
| TAS No. 28 (Revised 2012) | Investments in Associates | January 1, 2014 |
| TAS No. 31 (Revised 2012) | Interests in Joint Venture | January 1, 2014 |
| TAS No. 34 (Revised 2012) | Interim Financial Reporting | January 1, 2014 |
| TAS No. 38 (Revised 2012) | Intangible Assets | January 1, 2014 |

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

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

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

Estimates and underlying assumptions used in preparation of financial statements will be revised regularly. Revisions to accounting estimates are recognised in the period in which those estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows: -

Leases

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

Allowance for doubtful debt

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

Allowance for the cost of goods exceeding net realizable value

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

Plant and equipment and depreciation

In determining depreciation of plant and equipment, the management needs to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

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

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Estimate on employee benefit obligations

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

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

3. Significant change in accounting policy

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

| | (Unit : Baht) | | |
|---|------------------------|--|-----------------------|
| | Before readjustment | Readjustment increase (Decrease) | After readjustment |
| Statements of financial position as at January 1, 2012 | | | |
| Deferred tax assets increase | - | 13,456,133 | 13,456,133 |
| Retained earnings increase | 94,029,250 | 13,456,133 | 107,485,383 |
| Statements of financial position as at December 31, 2012 | | | |
| Deferred tax assets increase | - | 2,698,483 | 2,698,483 |
| Retained earnings increase | 79,439,520 | 2,698,483 | 82,138,003 |
| Statements of comprehensive income for the year ended December 31, 2012 | | | |
| Income tax expenses increase | 14,655,815 | 10,757,650 | 25,413,465 |
| Comprehensive income decrease | 90,010,270 | (10,757,650) | 79,252,620 |
| Earnings per share decrease (Baht/share) | 0.43 | (0.05) | 0.38 |

4. Summary of significant accounting policies

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

- 4.1 Cash and cash equivalent items includes cash, bank savings account deposits, bank current account deposits and short-term investments which are not exceeding 3 months duration for repayment and without limit for use withdrawal.
- 4.2 Trade accounts receivable and other accounts receivable are shown at net realizable value. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments from the uncollectability of each account receivable. Bad debts are written off when incurred.
- 4.3 Inventories are shown at the lower of cost or net realizable value, cost is calculated using the first in first out basis, and adjusted by allowance for slow-moving or out-of-date goods (if any) This allowance is made by considering the actual occurring of these kinds of goods.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

- 4.4 Plant and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

The depreciation of the plant and equipment calculates from the cost of assets using the straight-line basis over their estimated useful life as follows :-

| | | |
|-------------------------------------|-------|-------|
| - Building and Building improvement | 30 | years |
| - Machine and equipment | 20-30 | years |
| - Utilities | 20 | years |
| - Furniture and office equipment | 3-10 | years |
| - Vehicle | 7-20 | years |

The depreciation is included in the calculation for the operating result. No depreciation is calculated for the assets in construction and machine during installation.

The Company derecognises plant and equipment from the account on disposal or no future economic benefits are expected from its usage or disposal. Any gain or loss arising on disposal is recognised when the said asset is derecognised from the account.

- 4.5 Intangible assets are shown at cost less by accumulated, amortized expense and allowance for impairment (if any) of that asset. The Company make amortization of intangible asset with certain useful life systematically throughout the useful life of such asset and will review the period and method for amortization of intangible assets with certainty in useful life at least at the end of every year. Amortized expense will be recognised in the statement of comprehensive income. The estimated useful lives are as follows:

| | | |
|-----------------------|----|-------|
| - Accounting software | 10 | years |
|-----------------------|----|-------|

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

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

- 4.7 Trade and other accounts payable are shown at cost.

- 4.8 Employee benefits

Short-term employee benefits

The Company recognises salaries, wages, bonuses and contributions to Social Security Fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company' contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

- 4.9 Estimation of liabilities: The Company will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful or economic resources in order to make payment toward obligation and the amount to be paid is respectfully estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Company will recorded the recovered payment as asset separately but the amount so recorded must be more than the amount of related liability estimate and the related expense with the liability estimate will be shown in the statement of comprehensive income in the net amount after recovered expense already recognised.
- 4.10 Incomes recognition excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts with the following policies: -
 - 4.10.1 Sale of goods: revenue is recognised in the statements of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the economic benefit due from the sale of goods or render of services or the amount of the revenue and cost incurred could not be reasonably measured or the probable return of goods.
 - 4.10.2 Revenues from interest received are recognised according to the related period.
 - 4.10.3 Other revenues are recognised by accrual basis.

4.11 Expenses recognition are as follows :-

- 4.11.1 For asset under lease contract, in which risk and ownership right in that asset vested in the lessor, is treated as operating lease contract. Leasing fee paid under the operating lease contract is accounted as expense by straight-line method throughout the lease period.
- 4.11.2 Financial costs such as interest expenses and similar costs are charged to the statements of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.
- 4.11.3 Other expenses are recognised by accrual basis.

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

Current tax

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

Deferred tax

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

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

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

- 4.13 The calculation of basic earnings per share for the year is based on the profit for the year dividing by the number of ordinary shares held at the end of the year. In case capital is increased the weighted average number of ordinary shares will be calculated instead in accordance with the period of share capital received.
- 4.14 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the year-end date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in the statements of comprehensive income of the year.
- 4.15 The parties and companies related with the Company are meant individuals or enterprises which have the controlling power over the Company or are controlled by the Company either directly or indirectly, or under the same control with the Company. Furthermore, the related parties or related companies are also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the operations of the Company including the family members close to the said persons which could persuade or have power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 4.16 The sectoral business operation is disclosed under the separate business sectors of the Company, by the business sector that acquires products or provides services which have different risks and return from the risks and return of the products or services provided by other business sectors.
- 4.17 Financial instruments consisted of financial assets and liabilities carried on the statements of financial positions include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

Foreign currency forward contracts are meant to prevent risk from volatile movements in exchange rates by establishing a future rate at which a foreign currency asset and liability will be settled. Gain or loss from the foreign currency forward contracts will be recorded in the statement of comprehensive income when the contracts are settled or contractual terms are expired.

5. Inter-transactions between related parties

The Company incurred business transactions with related entities, which have the same group of shareholders or mutual directors. The significant remaining balances and inter-company transactions between the Company with related business and persons are as follows: -

5.1 Inter-assets and liabilities

| (Unit : Baht) | | |
|---------------------------------------|------------------|------------------|
| <u>As at December 31,</u> | | |
| <u>Type of items/company name</u> | <u>2013</u> | <u>2012</u> |
| - Deposit payment | | |
| Thai Sugar Terminal Public Co., Ltd. | 1,436,300 | 1,031,300 |
| T S Oil Industry Co., Ltd. | 489,600 | 489,600 |
| Total | <u>1,925,900</u> | <u>1,520,900</u> |
| - Trade account payable | | |
| T S Transport and Logistics Co., Ltd. | 1,306,738 | 824,382 |
| - Other accrued expenses | | |
| Thai Sugar Terminal Public Co., Ltd. | 659,110 | 6,059 |
| - Other non-current liabilities | | |
| Thai Sugar Terminal Public Co., Ltd. | 4,110,790 | 2,907,632 |

5.2 Inter-revenues and inter-expenses

| (Unit : Baht) | | |
|--|-------------|-------------|
| <u>For the year ended December 31,</u> | | |
| <u>Type of items/company name</u> | <u>2013</u> | <u>2012</u> |
| - Sale of assets | | |
| T S Oil Industry Co., Ltd. | - | 100,000 |
| - Expenses of land rental | | |
| Thai Sugar Terminal Public Co., Ltd. | 5,410,958 | 5,410,958 |
| - Expenses of warehouse rental | | |
| Thai Sugar Terminal Public Co., Ltd. | 4,268,280 | 1,980,000 |

| (Unit : Baht) | | |
|--|-------------------|-------------------|
| For the year ended December 31, | | |
| Type of items/company name | 2013 | 2012 |
| - Expenses of silo rental | | |
| T S Oil Industry Co., Ltd. | 2,937,600 | 2,937,600 |
| - Expenses of packing | | |
| T S Transport and Logistics Co., Ltd. | 13,355,450 | 10,639,550 |
| - Expenses of providing transportation | | |
| Thai Sugar Terminal Public Co., Ltd. | 5,989,598 | - |
| T S Transport and Logistics Co., Ltd. | - | 3,793,184 |
| - Expenses of security services | | |
| T S Transport and Logistics Co., Ltd. | 888,000 | 816,300 |
| - Other expenses | | |
| Thai Sugar Terminal Public Co., Ltd. | 104,030 | 142,604 |
| T S Oil Industry Co., Ltd. | - | 46,402 |
| Total | <u>104,030</u> | <u>189,006</u> |
| - Dividend paid | | |
| Thai Sugar Terminal Public Co., Ltd. | 29,644,965 | 98,816,550 |
| - Directors' and important management's remuneration | | |
| Short-term benefits | 21,966,044 | 20,000,220 |
| Post-employment benefits | <u>17,197</u> | <u>11,424</u> |
| Total | <u>21,983,241</u> | <u>20,011,644</u> |

Policy of inter-price setting

- Expenses of land and warehouse rental that the Company has entered into agreements with its parent and related companies have the following conditions: -
 - 1) A land lease agreement to construct office building and production factory plants. The contractual term is for 30 years, commencing from August 1, 2010 to July 31, 2040. The lease fee for the 1st to 5th year is Baht 350,650 per month and every five years the lease fee is to be increased by 10% of the existing lease fee. The lessee agreed to deposit the rental guarantee at twice the monthly rental fee for every 5-year lease tenor and the initial deposit of Baht 701,300 has been made. When the lease tenor expires and the lessee wants to extend the contractual term of the agreement, the Company shall inform the lessor at least 2 years in advance and the lessor agrees to extend the leasehold right to the lessee to lease the said land further for not more than 30 years. When the lease agreement has been terminated, the Company has the obligation to return the land together with construction (if any) at the condition as at the expiration date of the land lease agreement to the lessor except the contractual parties agreed otherwise regarding the constructions on the leased land.
 - 2) Warehouse rental agreements to store finished goods and raw materials conform to terms as in general rental agreements ranging from 2 months to 3 years.
- Inter-other income and other expenses are the price and on the trading term comparable with those applied to other parties in accordance with the conditions of general business in market price.

5.3 Relationship of related companies

Consisted of :-

| <u>Company's name</u> | <u>Relationship</u> | <u>Related by</u> |
|---------------------------------------|---------------------|--------------------------------------|
| THAI SUGAR TERMINAL PUBLIC CO.,LTD. | Parent company | Direct shareholding 69.34% |
| T S G ASSET CO., LTD. | Related company | Parent company and mutual executives |
| T S OIL INDUSTRY CO., LTD. | Related company | Parent company and mutual executives |
| T S TRANSPORT AND LOGISTICS CO., LTD. | Related company | Parent company and mutual executives |
| T S WAREHOUSE CO., LTD. | Related company | Parent company and mutual executives |

6. Trade and other accounts receivable-net

(Unit : Baht)

| | <u>As at December 31,</u> | |
|--|---------------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Trade accounts receivable | 151,038,209 | 129,957,517 |
| <u>Less</u> Allowance for doubtful debts | (5,959,909) | (6,053,494) |
| Trade accounts receivable-net | 145,078,300 | 123,904,023 |
| Prepaid expenses | 1,278,515 | 1,109,438 |
| Others | 475,924 | 309,114 |
| Total | 146,832,739 | 125,322,575 |

Aging analyses for trade accounts receivable were as follows :-

(Unit : Baht)

| | <u>As at December 31,</u> | |
|--|---------------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Domestic trade accounts receivable | | |
| Not yet due | 85,619,670 | 77,828,221 |
| Overdue not over 3 months | 59,057,006 | 46,075,802 |
| Overdue not over 6 months | - | - |
| Overdue not over 12 months | 771,290 | - |
| Overdue over 12 months | 5,590,243 | 6,053,494 |
| Total | 151,038,209 | 129,957,517 |
| <u>Less</u> Allowance for doubtful debts | (5,959,909) | (6,053,494) |
| Net | 145,078,300 | 123,904,023 |

The normal credit term granted by the Company ranges from 15 days to 60 days.

The Company has movements in transactions of allowance for doubtful accounts for the year ended December 31, 2013 and 2012 as follows: -

(Unit : Baht)

| | <u>2013</u> | <u>2012</u> |
|--|-------------|-------------|
| Beginning balance as at January 1, | 6,053,494 | 5,682,495 |
| <u>Plus</u> Allowance for doubtful debts | 369,666 | 682,599 |
| <u>Less</u> Reversal of allowance for doubtful debts | (463,251) | (311,600) |
| Ending balance as at December 31, | 5,959,909 | 6,053,494 |

7. Inventories

Consisted of: -

| | (Unit : Baht) | |
|--------------------------|---------------------------|--------------------|
| | <u>As at December 31,</u> | |
| | <u>2013</u> | <u>2012</u> |
| Raw materials | 109,612,823 | 269,611,720 |
| Work in process | 13,012,712 | 3,426,670 |
| Finished goods | 8,104,562 | 9,952,497 |
| Supplies | 1,006,247 | 795,830 |
| Raw materials in transit | 224,556,868 | 239,447,134 |
| Net | <u>356,293,212</u> | <u>523,233,851</u> |

Cost of inventories recorded as expense and included in the cost of goods sold for the years ended December 31, 2013 and 2012, were at the amount of Baht 942.94 million and Baht 867.30 million respectively.

8. Plant and equipment-net

Consisted of: -

| | (Unit : Baht) | | | | | | |
|--|--------------------------------------|--------------------------|--------------|-----------------------------------|--------------|-------------------------|---------------|
| | Building and Building improvement | Machine and equipment | Utilities | Furniture and office equipment | Vehicles | Work in construction | Total |
| Cost :- | | | | | | | |
| As at January 1, 2012 | 88,686,097 | 318,838,849 | 31,947,989 | 9,049,955 | 19,754,841 | 5,442,043 | 473,719,774 |
| Purchase | 339,050 | 1,832,793 | - | 1,268,122 | - | 24,600 | 3,464,565 |
| Disposal/Written off | - | (133,000) | - | (650,000) | (438,714) | - | (1,221,714) |
| Transfer out | - | (903,313) | - | - | - | - | (903,313) |
| As at December 31, 2012 | 89,025,147 | 319,635,329 | 31,947,989 | 9,668,077 | 19,316,127 | 5,466,643 | 475,059,312 |
| Purchase | - | 2,139,632 | - | 2,430,420 | - | 30,676,771 | 35,246,823 |
| Interest expense capitalized to cost of assets | - | - | - | - | - | 136,499 | 136,499 |
| Transfer in | - | 36,510 | - | - | - | - | 36,510 |
| Disposal/Written off | - | (155,102) | - | (1,312,339) | - | - | (1,467,441) |
| Transfer out | - | - | - | - | - | (36,510) | (36,510) |
| As at December 31, 2013 | 89,025,147 | 321,656,369 | 31,947,989 | 10,786,158 | 19,316,127 | 36,243,403 | 508,975,193 |
| Accumulated Depreciation :- | | | | | | | |
| As at January 1, 2012 | (21,532,647) | (74,347,089) | (7,358,815) | (7,335,825) | (11,485,323) | - | (122,059,699) |
| Depreciation for the year | (3,499,628) | (15,475,588) | (1,601,536) | (1,073,044) | (402,784) | - | (22,052,580) |
| Disposal/Written off | - | 132,905 | - | 648,572 | 295,806 | - | 1,077,283 |
| As at December 31, 2012 | (25,032,275) | (89,689,772) | (8,960,351) | (7,760,297) | (11,592,301) | - | (143,034,996) |
| Depreciation for the year | (2,498,040) | (14,455,014) | (1,597,161) | (1,021,288) | (490,528) | - | (20,062,031) |
| Disposal/Written off | - | 132,246 | - | 1,293,108 | - | - | 1,425,354 |
| As at December 31, 2013 | (27,530,315) | (104,012,540) | (10,577,512) | (7,488,477) | (12,082,829) | - | (161,671,673) |
| Net Book Value :- | | | | | | | |
| As at December 31, 2012 | 63,992,872 | 229,945,557 | 22,987,638 | 1,907,780 | 7,723,826 | 5,466,643 | 332,024,316 |
| As at December 31, 2013 | 61,494,832 | 217,643,829 | 21,390,477 | 3,297,681 | 7,233,298 | 36,243,403 | 347,303,520 |

As at December 31, 2012, the Company's wheat flour factory building and all machines with the book value of Baht 271.64 million. In October 2013, the Company settled the obligations of mortgage as well as assets pledged as guarantees to the lenders. The Company is abided by the Negative pledge to a financial institution not to engage any financial burden on a factory, machines and related equipment the Company held at the present and in the future as mentioned in the notes to financial statement No.10.

For the year ended December 31, 2013, the Company had capitalized the costs of loan of Baht 0.14 million to the work in progress. The costs of loan are loaned for the purpose of a production expansion and a new silo construction as mentioned in the notes to financial statements No.13.

As at December 31, 2013 and 2012, the Company's equipment at cost values of Baht 15.39 million and Baht 12.21 million respectively were fully depreciated but still in use.

As at December 31, 2013 and 2012, the Company's building and construction in progress of factory building with the book value of Baht 106.92 million and Baht 79.45 million respectively, were constructed on the land leased from the parent company, as mentioned in the notes to financial statements No. 5.2.

9. Deferred tax assets

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

| | (Unit : Baht) | |
|--------------------------|---------------------------|------------------|
| | <u>As at December 31,</u> | |
| | <u>2013</u> | <u>2012</u> |
| Deferred tax assets | 2,756,366 | 2,698,483 |
| Deferred tax liabilities | - | - |
| Net | <u>2,756,366</u> | <u>2,698,483</u> |

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

| | For the year ended December 31, 2012 | | | For the year ended December 31, 2013 | | |
|---|--------------------------------------|---|----------------------------|--------------------------------------|---|----------------------------|
| | As at January 1, 2012 | (Charged) / credited to Statements of comprehensive income (Note 22) | As at December 31, 2012 | As at January 1, 2013 | (Charged) / credited to Statements of comprehensive income (Note 22) | As at December 31, 2013 |
| Deferred tax assets | | | | | | |
| Trade accounts receivable (Allowance for doubtful debts) | 1,704,749 | (312,445) | 1,392,304 | 1,392,304 | (200,322) | 1,191,982 |
| Inventories | 10,075,895 | (10,075,895) | - | - | - | - |
| Plant and equipment | 391,759 | 178,878 | 570,637 | 570,637 | 98,061 | 668,698 |
| Employee benefit obligations | 772,388 | (705,601) | 66,787 | 66,787 | 6,741 | 73,528 |
| Non current liabilities | 511,342 | 157,413 | 668,755 | 668,755 | 153,403 | 822,158 |
| Total | 13,456,133 | (10,757,650) | 2,698,483 | 2,698,483 | 57,883 | 2,756,366 |

10. Credit facilities and guarantee

As at December 31, 2012, the Company received the following credit facilities from one financial institution; bank overdraft, short-term from the financial institution, trust receipts, letter of credit and forward exchange contracts as mentioned in the notes to financial statements No. 11 and 25.1. The credit facilities are guaranteed by the wheat flour factory building and all machines whose title right belongs to the Company as mentioned in the notes to financial statements No. 8. In addition, the Company has to transfer leasehold rights of land where wheat flour factory building is located to lending bank and make the insurance policy for the constructions and machines with the equipments at the maximum limit acceptable by the insurance company and forfeit the benefit from the insurance policy to the lending bank as the beneficiary.

During 2013, the Company was granted credit facilities from two new financial institutions as mentioned in the notes to financial statements No.11, 13 and 25.1. The Company needs to settle the obligations of mortgage as well as assets pledged as guarantees to the lenders, and the Company already implemented in October 2013, including important covenants as follow:-

1. The borrower shall maintain Debt Service Coverage Ratio not lower than 1.2
2. The borrower shall maintain Interest Bearing Debt to Equity (IBD/E) not exceed 2.5 in year 2013-2015 and 2.0 onwards.
3. The Borrowers shall not pay dividend exceed 50 % of net income per year.
4. Khon Kaen Sugar Industry Public Co., Ltd. and Thai Sugar Terminal Public Co., Ltd. shall maintain shareholder (direct or indirect) not lower than 51 %

In addition, in October 2013 the financial institution which used to give the Company's credit facilities has increased and decreased credit facilities of Letter of credit, Trust receipt, Short-term loan and Forward exchange contract as mentioned in the notes to financial statements No. 11 and 25.1 and changed the condition of credit facilities to under Negative Pledge terms.

11. Short-term loans from financial institutions

Consisted of: -

| | (Unit : Baht) | |
|--|---------------------------|---------------------------|
| | <u>As at December 31,</u> | |
| | <u>2013</u> | <u>2012</u> |
| Short-term loans in the form of promissory notes | - | 95,000,000 |
| Trust receipts payable | <u>277,277,611</u> | <u>125,161,057</u> |
| Total | <u><u>277,277,611</u></u> | <u><u>220,161,057</u></u> |

As at December 31, 2012, the Company obtained loans from financial institutions in the form of promissory notes with 1 month term bearing the interest rates at 3.65% per annum.

As at December 31, 2013 and 2012, trust receipts payable are loans in Baht currency which have a joint line as mentioned in the notes to financial statements No. 25.1 and bearing the fixed interest rate basing on the financial market situation with credit facilities and guarantee as mentioned in the notes to financial statements No. 10 under conditions of the trust receipt agreement. The Company would receive imported goods by using credit facility from financial institution, thus the Company has obligation to that financial institution for the value of imported goods, both being stored or already sold.

12. Trade and other accounts payable

Consisted of: -

(Unit : Baht)

| | <u>As at December 31,</u> | |
|--|---------------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Trade accounts payable | | |
| - Trade accounts payable-related parties | 1,306,738 | 824,382 |
| - Trade accounts payable-other parties | 34,300,999 | 239,531,347 |
| Total trade accounts payable | 35,607,737 | 240,355,729 |
| Other accounts payable | 1,052,713 | 903,093 |
| Accrued expenses-related parties | 659,110 | 6,059 |
| Accrued expenses | 12,490,518 | 10,038,564 |
| Retention | 1,208,086 | - |
| Advance received | 170,300 | - |
| Total | 51,188,464 | 251,303,445 |

13. Long-term loan from financial institution

Consisted of: -

(Unit : Baht)

| | <u>As at December 31,</u> | |
|---|---------------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Long-term loan from financial institution | 20,916,585 | - |
| <u>Less</u> Current portion of long-term loan | (18,000,000) | - |
| Net | 2,916,585 | - |

The movements of long-term loans were as follows: -

(Unit : Baht)

| | <u>For the year ended December 31,</u> | |
|------------------------------|--|--------------|
| | <u>2013</u> | <u>2012</u> |
| Beginning book value | - | 60,000,000 |
| Increased during in the year | 20,916,585 | - |
| Repaid in the year | - | (60,000,000) |
| Ending book value | 20,916,585 | - |

Long-term loan with credit line of Baht 550.00 million was loan obtained from a commercial bank under loan agreement dated September 2, 2013 with important covenants and collaterals as follows: -

- The principal includes Baht 400.00 million and Baht 150.00 million utilized for the purpose of a production expansion and a new silo construction accordingly. The payment installment will be made at the end of each quarter beginning the first installment at the end of December 2014. The payment for each purpose includes Baht 18.00 million and Baht 6.80 million respectively. The last payment will be made on the last working day of March 2020.
- The MLR-MARGIN interest rate of 2.375% per annum will be paid at the end of each month.
- Collaterals and other significant covenants mentioned in the notes to financial statements No.10.

14. Employee benefit obligations

The Company operates a post employment benefit and pension, based on the requirement of Thai Labour Protection Act B.E. 2541 to provide retirement benefits to employees based on their entitlement and length of service.

Movement in the employee benefit obligations is as follows :-

| | (Unit : Baht) | |
|---|----------------|----------------|
| | <u>2013</u> | <u>2012</u> |
| Employee benefit obligations as at January 1, | 290,380 | 2,574,627 |
| Current service cost | 62,988 | 110,708 |
| Interest cost on obligations | 14,276 | 21,409 |
| Benefits paid by the plan | - | (260,959) |
| Actuarial gains | - | (2,155,405) |
| Employee benefit obligations as at December 31, | <u>367,644</u> | <u>290,380</u> |

Principal actuarial assumptions at the reporting date are as follows: -

| | <u>2013</u> | <u>2012</u> |
|------------------------|--------------|--------------|
| Discount rate | 4.04% | 4.04% |
| Salary increase rate | 5.00% | 5.00% |
| Employee turnover rate | 1-18% | 1-18% |
| Retirement age | 55 years old | 55 years old |

Assumptions on the future mortality rate hold to the publicly published statistic information.

The discount rate is the yield of government bonds that have maturity date approximating the term of the Company's obligations.

15. Share capital

| | 2013 | | 2012 | |
|--|------------------------|----------------|------------------------|----------------|
| | <u>Number of Share</u> | <u>Amount</u> | <u>Number of Share</u> | <u>Amount</u> |
| | <u>Shares</u> | <u>Baht</u> | <u>Shares</u> | <u>Baht</u> |
| Authorized Share Capital (Baht 1.00 per share) | | | | |
| Beginning Ordinary Shares | 285,000,000 | 285,000,000.00 | 285,000,000 | 285,000,000.00 |
| Ending Ordinary Shares | 285,000,000 | 285,000,000.00 | 285,000,000 | 285,000,000.00 |
| Issued and Paid-up Share Capital (Baht 1.00 per share) | | | | |
| Beginning Ordinary Shares | 285,000,000 | 285,000,000.00 | 200,000,000 | 200,000,000.00 |
| Increased ordinary shares | - | - | 85,000,000 | 85,000,000.00 |
| Ending Ordinary Shares | 285,000,000 | 285,000,000.00 | 285,000,000 | 285,000,000.00 |

In accordance with the extraordinary shareholders' meeting no. 1/ 2555, held on April 19, 2012, the significant resolutions are as follows :-

- Authorise the Company to proceed with the listing of the Company in the Market for Alternative Investment.
- Authorise the allocation of increased ordinary shares in total of 85 million shares at par value of Baht 1.00 per share to public shareholders in a total amount of not exceeding 59.65 million shares or not exceeding 70.18% of the total new increased shares and to shareholders group of the parent company in a total amount of not exceeding 25.35 million shares or not exceeding 29.82% of the total new increased shares and the Company's board of directors and/or those who have authorized by the board of directors shall have the authority to set out conditions and other details necessary for the rights offering to the above mentioned persons, such as offering price, closing date of sale offer, other conditions and details in relation to new share appropriation as necessarily required.
- Approve the authority to executive board of directors and/or persons authorized by executive board of directors to have the authority to set out conditions and other details necessary for the rights offering to subscribe for the new increased capital of 85 million shares, such as offering price, closing date of sale offer, other conditions and details in relation to new share appropriation as necessarily required together with authority to sign contract for appointing share underwriter.

On November 23, 2012, the Company has offered the 85 million increased ordinary shares to the general public at the par value of Baht 1.00 per share at the offering price of Baht 3.10 per share aggregating to Baht 253.09 million (net from cost of funding) and incurred premiums on share capital amounting to Baht 167.32 million.

16. Premium on ordinary shares

Premium on ordinary shares is stated in accordance with Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offers the ordinary shares for sale at the price exceeding the registered share price, the Company shall appropriate this surplus as reserve (“Premium on ordinary shares”). This premium on ordinary shares cannot be paid out as dividend.

17. Dividend payment

The Annual General Meeting of shareholders for the year 2012 No. 1/2013 held on April 25, 2013 it approved the appropriation dividends of Baht 0.15 per share, amounting to Baht 42.75 million. The dividends were paid to the shareholders on May 20, 2013.

In reference to the Company’s board of directors meeting No. 10/2555 held on September 27, 2012 it approved the appropriation of interim dividends of Baht 0.50 per share, amounting to Baht 100 million. The interim dividends were paid to the shareholders on October 26, 2012.

18. Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution. For the year 2013, the Company appropriated Baht 3.20 million of the profit for the year as legal reserve.

In accordance with the minutes of the Company’s ordinary shareholder’s meeting for the year 2012 No. 1/2013 held on April 25, 2013, the shareholders approved the appropriation of legal reserve at 5% of net profit, amounting to Baht 4.60 million.

19. Capital management

The primary objectives of the Company's capital management are to maintain its ability to continue as a going concern, to maintain an appropriate capital structure and to maintain financial ratios not exceeding that specified by the covenants of the loan agreements.

As at December 31, 2013 and 2012, the financial statements present debt to equity ratio at 0.64 : 1.00 and 0.88 : 1.00 respectively.

20. Administrative expenses

For the years ended December 31, 2013 and 2012, a portion of the administrative expenses amounting to Baht 3.96 million for both year are benefits paid to directors of the Company in accordance to Section 90 of Public Company Act, which exclude salaries and related fringe benefits paid to the executive directors of the Company.

21. Natures of expense

| | (Unit : Baht) | |
|---|---|--------------------|
| | <u>For the years ended December 31,</u> | |
| | <u>2013</u> | <u>2012</u> |
| Salaries, wages and other benefits to employees | 40,043,815 | 35,878,343 |
| Depreciation | 20,062,031 | 22,052,580 |
| Rental expenses | 12,886,838 | 12,848,558 |
| Public utility fee | 20,552,279 | 17,212,423 |
| Transportation expenses | 18,753,164 | 15,766,999 |
| Raw material and supplies used | 889,555,447 | 804,525,433 |
| Changes in finished goods and work in process | (7,738,107) | 5,767,330 |
| Other operating expenses | 27,364,190 | 29,325,098 |
| Interest expenses | 10,571,930 | 19,207,025 |
| Total | <u>1,032,051,587</u> | <u>962,583,789</u> |

22. Income tax expense

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

| | (Unit : Baht) | |
|------------------------------------|--|-------------------|
| | <u>For the year ended December 31,</u> | |
| | <u>2013</u> | <u>2012</u> |
| Current income tax expense | 15,836,463 | 14,655,815 |
| Deferred tax expense (Note 9) | | |
| Movements in temporary differences | (409,859) | 7,617,885 |
| Income tax rate reduction | 351,976 | 3,139,765 |
| Income tax expense | <u>15,778,580</u> | <u>25,413,465</u> |

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

| | (Unit : Baht) | |
|--|--|-------------------|
| | <u>For the year ended December 31,</u> | |
| | <u>2013</u> | <u>2012</u> |
| Accounting profit before tax | 77,961,613 | 104,666,085 |
| Applicable tax rate | 20% | 23% |
| Accounting profit before tax multiplied by applicable tax rate | 15,592,323 | 24,073,200 |
| Adjustment in respect of current income tax of previous year | | |
| effects of changes in the applicable tax rates effects of: | | |
| Reverses of loss from raw-material damaged | - | (7,724,853) |
| Financial consultant expenses | - | (1,996,263) |
| Others | 244,140 | 303,731 |
| Total | 15,836,463 | 14,655,815 |
| Income tax rate reduction | 351,976 | 3,139,765 |
| Movement in temporary differences | (409,859) | 7,617,885 |
| Income tax expenses reported in income statement | <u>15,778,580</u> | <u>25,413,465</u> |

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

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

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares already issued and paid during the years as follows :-

| | <u>For year ended December 31,</u> | |
|--|------------------------------------|-------------|
| | <u>2013</u> | <u>2012</u> |
| Profit for the years (Unit : Baht) | 62,183,033 | 79,252,620 |
| The number of issued ordinary shares (Unit : Shares) | 285,000,000 | 209,082,192 |
| Basic earnings per share (Baht/Share) | 0.22 | 0.38 |

The Company calculated the weighted average number of ordinary shares for year ended December 31, 2012 as follows :-

| <u>Date</u> | <u>Number of ordinary shares</u> | <u>Issuing period (Days)</u> | <u>Number of shares on the day-basis (Shares)</u> |
|--------------------------------|--------------------------------------|----------------------------------|---|
| January 1,-November 23, 2012 | 200,000,000 | 326 | 65,200,000,000 |
| November 23,-December 31, 2012 | 280,000,000 | 39 | 11,115,000,000 |
| | | | <u>76,315,000,000</u> |

Weighted average number of ordinary shares = $76,315,000,000 / 365 = 209,082,192$ shares

24. Financial information by sectors

For the years ended December 31, 2013 and 2012, financial information is presented as the segment of production and distribution wheat flour which are the only main business of the Company. Additionally, the majority of the operation of the Company is solely made in Thailand. As a result, all of the revenues, operating results and assets as reflected in these financial statements pertain to the aforementioned sole business segment and geographic area.

25. Commitments and contingent liabilities

25.1 The Company has commitments and contingent liabilities with banks in obtaining credit facilities as follows: -

| | <u>Currency</u> (Unit : Thousand) | <u>As at December 31, 2013</u> | | | <u>As at December 31, 2012</u> | | |
|---|--------------------------------------|--------------------------------|-----------------|------------------|--------------------------------|-----------------|------------------|
| | | <u>Total</u> | <u>Utilized</u> | <u>Available</u> | <u>Total</u> | <u>Utilized</u> | <u>Available</u> |
| Letters of guarantee | Thousand Baht | 25,000 | 3,484 | 21,516 | 5,000 | 3,484 | 1,516 |
| Letters of credit, trust receipt and short-term loan and Forward exchange contract | Thousand Baht | 2,700,000 | 478,322 | 2,221,678 | 1,500,000 | 692,589 | 807,411 |
| Letters of credit, trust receipt and short-term loan and Forward exchange contract | '000 USD | 9,000 | 442 | 8,558 | - | - | - |
| Overdrafts | Thousand Baht | 35,000 | - | 35,000 | 15,000 | - | 15,000 |
| Long - term loan | Thousand Baht | 550,000 | 20,917 | 529,083 | - | - | - |

The above credit facilities are guaranteed by the collaterals as mentioned in the notes to financial statements No. 10.

25.2 As at December 31, 2013 and 2012, the Company has obligations in relation to sale of goods contracts but still not yet delivered in amount of Baht 61.29 million and Baht 75.60 million respectively.

25.3 As at December 31, 2013 and 2012, the Company has obligations in relation to overseas purchase of raw materials contracts, still not yet delivered, amount of USD 0.74 million and USD 0.38 million respectively.

25.4 The Company entered into agreements of construction and decoration of new factory and construction agreements for every projects as follows :-

| <u>As at December 31, 2013</u> | | |
|-------------------------------------|-----------------|----------------------|
| <u>Unit and currencies</u> | | |
| | <u>'000 USD</u> | <u>Thousand Baht</u> |
| Contractual value | 5,000 | 87,912 |
| Remaining binding contractual value | 4,000 | 58,504 |

25.5 The Company has obligations in relation to operational lease contracts on the part of lessor which will initiate rental expenses in future for the interval periods as follows:-

| <u>(Unit : Thousand Baht)</u> | | |
|-------------------------------|----------------|----------------|
| <u>As at December 31,</u> | | |
| | <u>2013</u> | <u>2012</u> |
| Within 1 year | 6,593 | 6,458 |
| For 1-5 years | 19,094 | 20,653 |
| 5 years onwards | 125,475 | 130,104 |
| Total | <u>151,162</u> | <u>157,215</u> |

26. Financial instruments

Policy to manage financial risk

The Company possesses risk regarding to the change of market interest rate and in currency exchange rate, the change rate of related goods price and from nonperformance of contractual obligations by counter parties. The Company will consider to use appropriate financial instruments when it considers necessary to manage such risks. However, the Company does not has any policy to hold or issue any financial instruments for speculation or for trading.

Risk on interest rate

The Company's risk on interest rates is derived from the fluctuation of the market interest rates in the future, which will affect upon the Company's operating result and cash flow. However, the Company manages the interest rate risks by applying various methods including the allocation of the loans at fixed and floating interest rates appropriately to suit the various activities of the Company with the following details.

(Unit : Baht)

| | As at December 31, 2013 | | | | | | |
|--|-------------------------|-------------------|-----------|---------------|-------------|-------------|---------------|
| | Fixed interest rate | | | Floating | Non | | |
| | Within | More than | More than | interest rate | interest | | Interest rate |
| | 1 year | 1 year to 5 years | 5 years | | bearing | Total | (% per annum) |
| <u>Financial assets</u> | | | | | | | |
| Deposit at banks | - | - | - | 23,140,910 | 11,365,361 | 34,506,271 | 0-1.10 |
| Trade accounts receivable | - | - | - | - | 145,078,300 | 145,078,300 | - |
| Total | - | - | - | 23,140,910 | 156,443,661 | 179,584,571 | |
| <u>Financial liabilities</u> | | | | | | | |
| Short-term loans from financial institutions | 277,277,611 | - | - | - | - | 277,277,611 | 3.10-3.5 |
| Trade accounts payable | - | - | - | - | 35,607,737 | 35,607,737 | - |
| Long-term loans from financial institutions | - | - | - | 20,916,586 | - | 20,916,585 | MLR-2.375 |
| Total | 277,277,611 | - | - | 20,916,586 | 35,607,737 | 333,801,933 | |

(Unit : Baht)

| | As at December 31, 2012 | | | | | | |
|--|-------------------------|-------------------|-----------|---------------|-------------|-------------|---------------|
| | Fixed interest rate | | | Floating | Non | | |
| | Within | More than | More than | interest rate | interest | | Interest rate |
| | 1 year | 1 year to 5 years | 5 years | | bearing | Total | (% per annum) |
| <u>Financial assets</u> | | | | | | | |
| Deposit at banks | - | - | - | 35,903,819 | 5,764,626 | 41,668,445 | 0.625 |
| Trade accounts receivable | - | - | - | - | 123,904,023 | 123,904,023 | - |
| Total | - | - | - | 35,903,819 | 129,668,649 | 165,572,468 | |
| <u>Financial liabilities</u> | | | | | | | |
| Short-term loans from financial institutions | 220,161,057 | - | - | - | - | 220,161,057 | 3.65 |
| Trade accounts payable | - | - | - | - | 240,355,729 | 240,355,729 | - |
| Total | 220,161,057 | - | - | - | 240,355,729 | 460,516,786 | |

Risk on exchange rate

Risk on exchange rates of the Company mainly involves with purchases of raw materials and machines, denominated in foreign currencies. The Company obtains liabilities in foreign currencies without hedging against exchange rate risk as follows: -

CurrenciesLiabilities

As at December 31,

| | 2013 | 2012 |
|-----|------|---------|
| USD | - | 474,117 |

The Company conducted a forward exchange contract with a commercial bank to hedge against exchange rate risk from debt repayment denominated in foreign currency, but has not recorded such financial liability in the financial statements. The due date for payment of the forward contract already committed has outstanding period of not greater than 1 month with the following details:-

| | | <u>As at December 31,</u> | |
|---------------------------------------|----------------------------|---------------------------|-------------|
| | <u>Unit and currencies</u> | <u>2013</u> | <u>2012</u> |
| Amount fixed in contract | USD | 1,030,126 | 7,308,560 |
| Amount earned in contract | Baht | 33,313,723 | 224,888,739 |
| Fair value under the forward contract | Baht | 33,865,915 | 224,470,345 |

Risk on credit provision

The Company obtains risk from credit provision in relation to trade and other accounts receivable. A number of debtors of the Company are several; however, the Company holds the conservative policy in providing credit and is carefully considered the appropriated allowance for doubtful debts. The Company believes that the risk the debtors will not replay is minimal.

Fair value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company' management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

27. Provident fund

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and their employees contributed to the fund monthly at the rates depending on the working life of the employees. A local financial institution is managing the provident fund and will be paid to the employees upon termination in accordance with the fund rules. For the years ended December 31, 2013 and 2012, the Company has made contributions to the fund amounting to Baht 0.36 million and Baht 0.27 million respectively.

28. Approval of financial statements

These financial statements have been approved for issuance by the Company's board of directors on February 27, 2014.



บริษัท ที เอส ฟลาวมิลล์ จำกัด (มหาชน)

T S Flour Mill Public Company Limited

90/9 หมู่ที่ 1 ถนนปู่เจ้าสมิงพราย ตำบลสำโรงกลาง

อำเภอพระประแดง จังหวัดสมุทรปราการ 10130

โทรศัพท์ 02-183-4570-3 โทรสาร 02-183-4575