

# Annual Report 2013

**CHO THAVEE DOLLASIEN PUBLIC COMPANY LIMITED**

**CHO**



**CTV DOLL**

LEADER IN CREATING AND MANUFACTURING INNOVATIVE DESIGNS  
WORLD-CLASS TECHNOLOGY AND PROFESSIONAL MANAGEMENT INTEGRATION  
WITH UNIQUE KNOWLEDGE TO STRIVE FOR EXCELLENCE

## Message from the Chairman of the company

Dear the shareholders:

In the year 2014, the second year that Cho Thavee Dollasien Public Company Limited (CHO) being the registered company in The Market for Alternative Investment (MAI). CHO and Cho Thavee Thermotech Co., Ltd. (the subsidiary company) has operated the business in continuous in field of the market expansion, the product expansion, the product and service development, including the improving of the administration and personnel development; in reaching to the mission of:



### ***CHO 2023 VIGOROUS BRAVE DIFFERENTIATION***

CHO aiming at the leader in designing, creating, manufacturing, innovative designs world-class technologies with professional management integration with unique knowledge, to strive for excellence, building the confident and the satisfaction to the customers with the consciousness in social responsibilities and environmental concern. The company has its target in offering the quality products under the brand “CHO” as a world class brand, with the proud and the happiness to the copartners. To build the competition power in reaching to be the leader in technology innovations for the sake of Thailand.

We plan in reaching our mission throughout the next ten years. We shall move forward. Although there was the conflict in Thailand in 2013, but the sales income of more than 60% derived from selling of CHO products abroad. CHO and its subsidiary also received in advance the purchase order, this will cause to very much of the purchase order pending for the production through the year of 2014.

Beside to the continuously in operating the business and the steady growth, the company also concerns to the responsibility to social and all stakeholders. The project that CHO has continuously done for third anniversary in 2013 and keep on doing, was the project of “football CHO Thavee junior cup” being known to the neighbor community. Furthermore, CHO also concerns to the environmental surroundings. These activities will be going on promoted.

This year, CHO and its subsidiary keep on developing the products, services, and research development unstoppably. We also search for new opportunity in marketing which cause to the steady and sustainable growth of CHO, for creating the ultimate benefit to the shareholders and the stakeholders.

With the compliment

A handwritten signature in black ink, appearing to be in Thai script, written over a white background.

(Ms. Phenphimol Vejvarut)

Chairman

## Message from the President and Chief Executive Officer

Dear the shareholders:

The year of 2014 will be the challenge year for Cho Thavee Dollasien Public Company Limited (CHO) and Cho Thavee Thermotech Co., Ltd. (the subsidiary company) as being the listed company in The Market for Alternative Investment (MAI). CHO was sighted in both of its operation and many developments, including the entry into large project which CHO views to the opportunity and the readiness. CHO plans for the expansion in both existing market and new market, the expansion of the existing products and the new products, the development of products and services, the improving of the administration, and the personnel development which will be the main policy of CHO in 2014. CHO has the strength of having unique knowledge which was collected, classified, developed, and trained to the human resources of CHO. We have our goals in building the identity called "CHO species", for being the foundation of the company's growth.

In the year 2014, with the advanced plan of CHO, resulting to many projects such as: products development in Low Cost Airline market resulting to the receiving of the company's purchase order to be increased, CHO also derived the contract of exclusively project management for repairing of the customer's truck. The company has also expand continuously the branch office or counter service to the customer's branch office, including the open of new market. The company expects that the income and the profits in year 2014 will grow continuously from year 2013.

Moreover, CHO and the subsidiary company never stop in the development. In the near future, the shareholders will perceive the development of Robot VR7 which will play the role in production, and support to the vigorous of the company's human resources. This development has been planned and further developed for the commercial. All of the above factors resulting to the diversification of the company, and increase the company's channel of income and the profits satisfied to the shareholders.



With the compliment

A handwritten signature in black ink, appearing to read 'Suradech Taweesaengsakulthai'.

(Mr. Suradech Taweesaengsakulthai)

President and Chief Executive Officer

## THE AUDIT COMMITTEES' REPORT

### Attention to: The shareholders

The audit committees of Cho Thavee Dollasien Public Company Limited comprising of three independent directors who are competence, independent, knowledgeable and experienced in field of finance and accounting, corporate management and the company's business. Mr. Anusorn Tamajai is the chairman of the audit committee. Mr. Asa Prateepasen and Mr. Chatchawan Triamvicharnkul are the audit committees.

The audit committees perform the duties according to the responsibilities assigned by the company's directors and to the designated charter of the audit committees. During 2013's, there were 8 meetings of the audit committees. All of the audit committees have attended every meeting. Moreover, the audit committees have invited the executives, the external auditor, the internal auditor, the legal department, and the risks management department in attending the meetings appropriately. Details of the meeting periods are shown as follows:

The audit committees	Number of attending/Number of meetings
Mr. Anusorn Tamajai	8/8
Mr. Asa Prateepasen	8/8
Mr. Chatchawan Triamvicharnkul	8/8

The audit committees have considered many matters which can be summarized as follow:

1. To consider and review quarterly financial statements, annually financial statements, related financial reports, including the disclosure of sufficiency and on-time information. To perform according to the general accepted accounting principles, accounting standards, and changes in significant accounting policies. Including the review of the related transactions between the shareholders and the subsidiary company or related company, in assuring that the related transactions were the transactions performed under normal business conditions, without transferring of any benefit, and to maximize the benefit of the company.
2. To review the internal control systems and internal audit appropriately, transparently, and efficient, by following the performance of internal audit department in assuring for the independent and the efficiency. To suggest the performance complied to rules, regulations, and policies of the company, with the standard in profession. To reasonably assure for the appraisal of the company's internal controls were sufficiency and appropriately. To support for the development of internal auditors to reach to the international standard quality.
3. To review the company's performance in compliance with all accounting standards, laws, the SET regulations, and laws related to the company's business, to be assured that they were completely, correctly in



compliance with the code of conduct and best practice. And to emphasize that the company must do much better than the standard.

4. To consider the selection, the appointment and the offering of remunerations to M.R. & Associates Co., Ltd. as the company's auditor for the year of 2013. To attend the meetings with auditor in each quarter for the consideration of auditing problems and to solve the significant problems within time.

5. To review the audit committees charter in corresponding to rules and regulations of the SEC and the SET, and code of conduct & best practice, for the assurance of shareholders, traders, and clients, including stakeholders of the company that the company perform complied to the regulations and under code of conduct, and maintain the efficiency internal controls.

6. To consider and review the audit plan covering the role, duties and responsibilities of the audit committees and internal department in compliance with the performance procedures.

The audit committees have followed the company's operation during the year 2013 according to the scope of authorities and responsibilities. The audit committees would like to express the opinion that the company's financial reports were prepared with significantly complied to the general accepted accounting principles. There was the disclosure of sufficient information about the related transactions or the transactions which might cause conflict of interest. There were the internal controls and the risk managements in appropriated with business conditions. There were the operations in compliance with laws, the SET regulations, and the related laws correctly and completely.

  
(Mr. Anusorn Tamajai)

Chairman of the audit committees

January 6, 2014

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**Explanation**

The Company and CTV-DOLL	imply	Cho Thavee Dollasien Public Company Limited.
CTV-TMT	imply	Cho Thavee Thermotech Co., Ltd.
CTV-1993	imply	Khon Kaen Cho Thavee (1993) Co., Ltd.
DOLL	imply	DOLL Fahrzeugbau AG
SET	imply	The Stock Exchange of Thailand
SEC	imply	Securities and Exchange Commission
TSD	imply	Thailand Securities Depository Company Limited

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## Part 1

### Business Operations

#### 1. Policy and Business Operation in Overall

##### 1.1 Policy and Business Operation in Overall

###### MISSION

###### CHO 2023 VIGOROUS BRAVE DIFFERENTIATION

Cho aiming at the leader in designing, creating, manufacturing, innovative designs world-class technologies with professional management integration with unique knowledge, in order to reach the excellence, building the confident and the satisfaction to the customers with the consciousness in social responsibilities and environmental concern. The company has its target in offering the quality products under the brand “CHO” as a world class brand, with the proud and the happiness to the copartners, and to build the competition power in reaching to be the leader in technology innovations for the sake of Thailand.

###### VISIONS

###### To Goal

- To search for, and to develop technology in continuous, in order to produce the quality products corresponded with the customers' demand.
- To produce the products which are friendly to the environment, with the sustainable, the safety, friendly to the customers, and the products can be used variedly.
- To build the marketing and financial excellence.
- To build the happiness to the copartners and the stakeholders.
- To build the knowledge in unique of CHO, and to develop human resources.
- To build the identity of “CHO” species.

##### 1.2 The History and the Major Developments

The family of Taweesaengsakulthai (or CHO Thavee group) by Mr. Cho Taweesaengsakulthai was the founder of the transportation trucks in Khonkaen province. He was also the founder of the truck dealer since year 1968. He, then, has expanded to the business of manufacturing and assembling bus body. In 1980, he has expanded to the manufacturing and assembling of the body of trailer, semi-trailer, and various kinds of transport truck. Cho Thavee group has continuously developed the technology of trailer and commercial trucks. With the neat in designing of the body in various kinds suitably with the customer's truck chassi in order to produce the strength and the durable truck body to meet with types of transportation work using under every kind of road condition and weather condition.

In the second generation of Cho Thavee group leading by Mr. Suradech Taweesaengsakulthai, a son of Mr. Cho Taweesaengsakulthai . He graduated in field of automobile engineering and business administration from



Japan, viewing to the trend of demand in large logistics system by the large special trailer. He also viewed to the important of the innovation in assembling the truck body, which rely on the leading technology from abroad, will be increased in the industry of trailer, semi-trailer in the future. He, then, decided to establish Cho Thavee Dollasien Co., Ltd. ("The company" or "CTV-DOLL") on November 18, 1994 by joining the family company namely Khon kaen Cho Thavee(1993) Co.,Ltd. ("CTV-1993") with the leading manufacturer company of truck body and trailer from Germany namely Doll Fahrzeugbau AG ("DOLL"), in order to do the business of designing, manufacturing, assembling the body, and installing of engineering system pertaining to the truck body, the trailer and the truck for commercial. The registered capital was 10 million baht, 74% of these to be held by the group of Thai shareholders and CTV-1993, and the rest of 26% to be held by DOLL.

CTV-1993 (previously called "Cho Ruamthavee industry Co.,Ltd." and has been changed later on May 28, 1993). DOLL (previously called Emil Doll GmbH) who has the experience for long time in manufacturing and assembling of the truck body for commercial. Detail as follow :

- CTV-1993 started the business of manufacturing and assembling of the truck body, the bus body, and has developed the technology in logistics in Thailand since 1990. At the present, CTV-1993 do not do the business of manufacturing and assembling the truck body. Instead, CTV-1993 altering to do the business of selling the front part of the truck, all kinds of truck, and offering the services of the truck hire purchasing loan.
- DOLL started the business of manufacturing and assembling of the truck body and special types of trailer since 1922(after world war I). DOLL has the competency in manufacturing special trailer for loading materials with heavy weights and in large sizes, also with the materials with special length, by using the modern technology.

In addition, the company has joined with the French business man in 2005 in establishing Cho Thavee Thermotech Co.,Ltd. ("CTV-TMT") with registered capital of 10 million baht. CTV-DOLL held in portion of 80% of registered capital, and the French business man held in portion of 20% of registered capital. This company has the purpose of doing business in designing, manufacturing, assembling , and installing of the fiber glass fresh container for truck with light weight for using in the transportation of merchandises, fresh foods and dried foods. In order to maintain the quality of the products until the destinations, also with the physical shape and the temperature of the products to be kept in the same condition as prior to the transportation. At present, CTV-DOLL held the shares in CTV-DOLL for 99.99% of the registered capital.

The company, with the long time of experiences and the specialties of the executives and team work in field of engineering and management, combine the world-class engineering technology with the professional management in reaching the capability of expanding the business to the business of management services for special project pertaining to the logistics and other services dealing with the company products such as: the project of building offshore patrol vessel: OPV which the company has joined with Bangkok Dock(1957) Co., Ltd. in managing with modern technology in order to increase the capability of ship building industry of Thailand to be

competed in the region level. The project of maintenance and fixing center of the trucks to Linfox Transport (Thailand) Co., Ltd. ("LINFOX"), and project of TESCO-LOTUS with over 1,000 units.

The company has changed its shareholders group structure. Mr. Suradech Taweesaengsakulthai, founder of the company and currently the executive director and management, has invested in the company's common stocks wholly of CTV-1993 since 2002. At the present, the company's shareholders structure held by the group of Taweesaengsakulthai as major shareholder with the portion of 93.18% of registered capital prior to the initial public offering ("IPO") during May 2-7, 2013. The company has raised its registered capital and called for the additional paid-up capital for 50 million baht, and the company's common stocks have been registered in the market of alternative investment (MAI). At the book closure date on December 27, 2013, Mr. Suradech Taweesaengsakulthai held the shares for 59.93% of the paid up capital. The company, later, has issued warrants to its existing shareholders without value on October 28, 2013 amounting to 360 million units, at the portion of 2 existing shares to 1 warrant. And has registered for the additional capitals in order to be reserved for the exercise of the rights in the amount of 90 million baht. The company offered the right in converting 1 warrant to 1 common stock at the price of 0.50 baht with the maturity of 3 years from the date of issuing of warrants. The exercise begins upon the warrants period of 1 year on December 30, 2014, and at the last working day of each quarter ending October 27, 2016 which will be the last day of the exercise. At the present, the company has its registered capital of 270 million baht being common stocks for 1,080 million shares at par value of 0.25 baht, with the paid-up capital of 180 million baht.

Since the establishment day of the company in 1994, the history and major developments of the company and its subsidiary can be summarized as follows:

Year	Major developments
1994	: ➤ Khon kaen Cho Thavee (1993) Co., Ltd. and "DOLL Fahrzeugbau AG" from Germany, the founders of Cho Thavee Dollasien Co., Ltd. have established the company with registered capital of 10 million baht, at the portion of 74% and 26% of registered capital respectively. The company has its main purpose in doing business of designing, manufacturing, assembling of the body and installing an engineering system pertaining to the truck, trailer, and vessel for commercial. The head office and the factory located at 265 Moo 4, Klang Muang Road, Tambol Muang Khao, Ampur Muang Khonkaen, Khonkaen 40000 ➤ The company derived privilege right in designing and manufacturing special semi-truck 5 axles for 14 units, and 16 axles for 22 units. Every wheel of the truck can be freely turned with hydraulic system, and can be controlled with remote control for the narrower turn cycle. They were used for the transportation of pre-cast concrete segment with the weight of more than 85 tones, for the project of building Bangna- Bangplee-Bangpakong express way. All of these 14 trucks have been delivered. And it was the first time that these special trucks could be manufactured in Thailand and by Thai people with world class technology.
1995	: ➤ The company derived the investment promotion from The Board of Investment Promotion (BOI) in manufacturing trailer by granting the reduction of import duty for 75% of normal rate

Year	Major developments
	<p>for materials which have to be imported abroad for the Manufacturing for 1 year. The company also derived the privilege right for the corporate Tax exemption for net income incurred from the promoted business for a period of 8 years.</p> <ul style="list-style-type: none"> <li>➤ The company raised its registered capital from 10 million baht to 30 million baht by issuing and selling of additional common stocks to the existing shareholders proportionately. The funds were used as investment funds, for the expansion of business, and for the increase of financial liquidity.</li> </ul>
1996	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company derived the privilege right in designing and manufacturing of special semi-trailer with 6 axles air suspension turning, for 35 units to the company of Cho Kanchang group.</li> <li>➤ The company started the export of the products such as special trailer, chemical tanked Truck, V-tank truck containing powdered cement, and etc. to Japan, Vietnam, Singapore, Philippines, China, Myanmar.</li> <li>➤ The company derived the trust from DOLL in moving the production base of the Catering hi-loader truck to Thailand at the factory in Khonkaen province.</li> </ul>
1997	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company started the manufacturing and exporting of the catering hi-loader trucks to many airlines' catering in Asia Pacific such as Singapore Airlines, Cathay Pacific Airlines, and Royal Brunei Airlines, and other middle east countries such as United Arab Emirates, Saudi Arabia, totaling of 60 units.</li> </ul>
1998	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company raised its registered capital from 30 million baht to 60 million baht by Issuing and selling of additional common stocks to the existing shareholders proportionately. The funds were used as investment funds, for the expansion of business, and for the increase of financial liquidity.</li> <li>➤ The company was the initiator in designing and manufacturing of semi-trailer for the six-wheeled aluminum container with shutter door for loading carbonated soft drink to Thai Namthip Co., Ltd. for over 100 units. The technology was transferred from Hackney, U.S.A.</li> </ul>
1999	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company has been trusted from airlines' catering customers in Asia Pacific Region such as China, Korea, New Zealand, Malaysia, Indonesia, Philippines, to be The designer and manufacturer of more than 200 catering hi-loader trucks in Various models.</li> </ul>
2001	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company raised its registered capital from 60 million baht to 132 million baht by Issuing and selling of additional common stocks to the existing shareholders proportionately. The funds were used as investment funds, for the expansion of business, and for the increased of financial liquidity.</li> </ul>
2002	<p>:</p> <ul style="list-style-type: none"> <li>➤ Mr. Suradech Taweesaengsakulthai acquired the company's stocks wholly from CTV-1993 in order for the restructure of shareholding. This has caused Mr.Suradech taweesaengsakulthai to be major shareholder of the company with the portion of 90.30% of registered capital.</li> </ul>
2005	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company incorporated with French business man, a specialist in field of manufacturing</li> </ul>

Year	Major developments
	<p>fiber glass fresh container for truck with light weight, have established Cho Thavee Thermotech Co., Ltd. ("CTV-TMT") on March 28, 2005 with registered capital of 10 million baht. This company do the business of designing, manufacturing, assembling, and installing of fiber glass fresh container for truck with light weight and saving energy for the transportation of merchandises, fresh and dried foods. The head office and the factory located at 265 Moo 4, Klang Muang road, Tambol Muang Kao, Ampur Muang Khonkaen, Khonkaen 40000, which is the same location of the company. The company hold the shares of CTV-TMT in the portion of 80% of registered capital. The rest of 20% held by French business man.</p> <ul style="list-style-type: none"> <li>➤ The company was the initiator of the project in developing the train cabin From a third-class-fanned cabin to a second-air-conditioned cabin to The State Railway of Thailand. The total of 20 cabins have been already Delivered in 2006.</li> </ul>
2006	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company developed the special catering hi-loader truck for airbus A-380 which required the modern and high accuracy technology. The first truck has been delivered to Emirates flight catering in 2006.</li> <li>➤ CTV-TMT has been promoted for investment from The Board of Investment Promotion (BOI) in manufacturing "sandwich panel" with the capacity of 100 sets/year. The company derived the right for import duty exemption of raw materials and supplies which have to be imported from abroad for production for period of 5 years. The company also derived the exemption of corporate income tax from net profit incurred from the business being promoted for 7 years period, and derived for corporate income tax exemption, hereafter, for 50% for net profit incurred from the business being promoted for the next 5 years.</li> </ul>
2007	<p>:</p> <ul style="list-style-type: none"> <li>➤ The company decreased its registered capital from 132 million baht to 40 million baht by reducing the number of shares in order to reduce the deficit. The purpose was to restructure the capital planning for the business alliance from foreign investors.</li> <li>➤ The company signed an agreement in investment cooperated with Japan Asia Investment Co., Ltd. ("JAIC") in form of convertible loans for 40 million baht. The convertible loans were used as investment funds, and for the increased of financial liquidity.</li> <li>➤ The company raised its registered capital from 40 million baht to 70 million baht by issuing and selling of the additional common stocks to the existing shareholders proportionately. The funds were used as investment funds, for the expansion of business, and for the increased of financial liquidity.</li> <li>➤ CTV-TMT raised its registered capital from 10 million baht to 20 million baht by issuing and selling of the additional common stocks to the existing shareholders proportionately. The funds were used as investment for business expansion and working capital.</li> </ul>



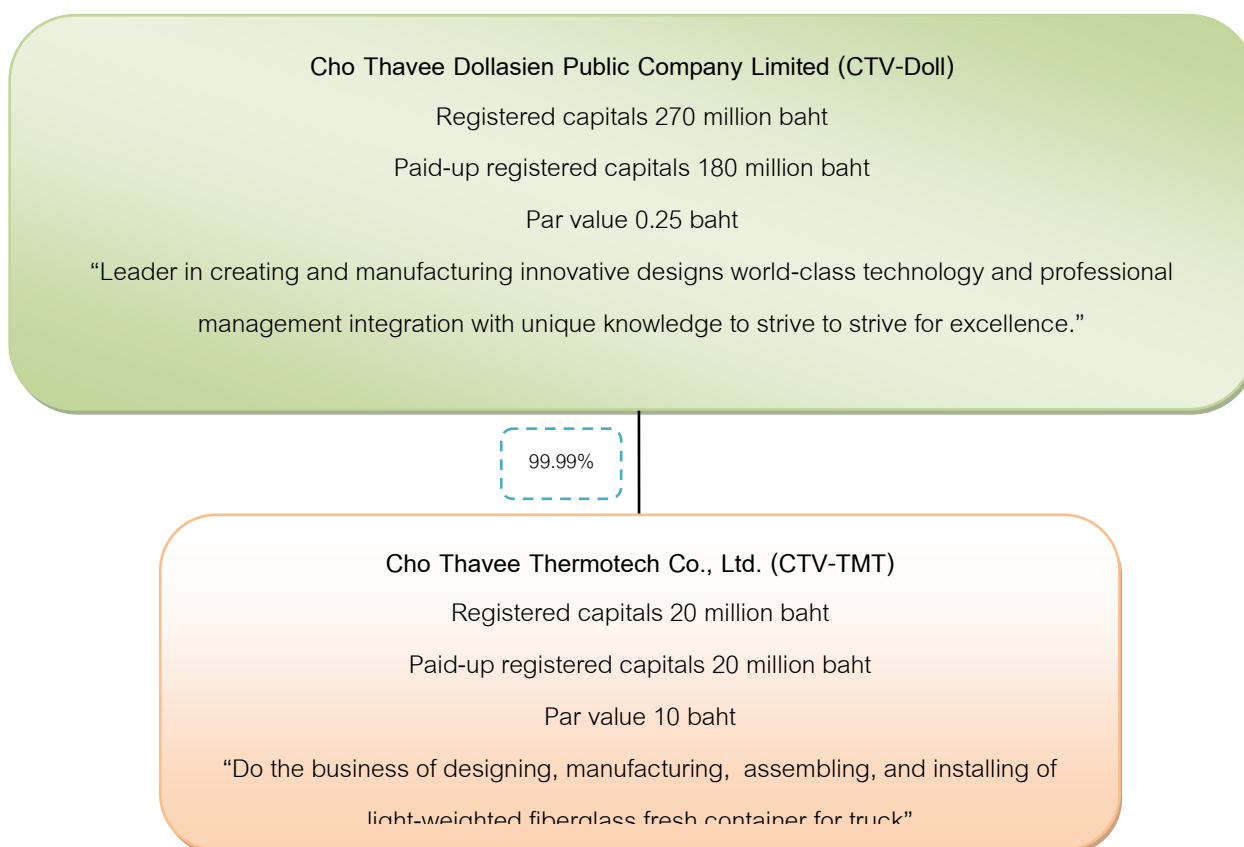
Year	Major developments
2008	<p>➤ The company raised its registered capital from 70 million baht to 120 million baht by issuing and selling the additional common stocks to the existing shareholders proportionately for the reserved of converting the convertible loans issued to JAIC to common stocks, and for the reserved for the investment in the project of manufacturing “The resistance to high tension aluminum box used for installing the communication equipments for the country’s defensive exported” as per the BOI condition that The company have to increase its registered capital as required.</p>
2009	<p>➤ The company got a job in managing a project from Bangkok Dock (1957)Co., Ltd. in building the Navy Offshore Patrol Vessel: OPV. The vessel model applied from BAE Systems of The United Kingdoms. The company responsible for being an advisor in improving of Vessel’ s Design Drawing and vessel’s electrical system from decreasing the pressure of 440 volts to 380 volts. And the related companies responsible for being an advisor to the work of procurement, financial management, warehouse, logistics, information technology, And equipment repairing. This offshore patrol vessel is the first vessel of Thailand built by Thai people. It took 4 years in building and delivered to The Navy in 2013.</p>
2010	<p>➤ The company was promoted for investment from The Board of Investment Promotion (BOI) in manufacturing “The resistance to high tension aluminum box used for installing the communication equipment for the country’s defensive exported”, with the production capacity of 100 sets/year. The company derived the right for corporate income tax exemption from net profit incurred from the business promoted in total of not over than 100% of the investment, excluded property costs and working capital, for period of 8 years. The company also derived the import duty exemption on raw materials and essential supplies which have to be imported abroad for production for period of 5 years.</p> <p>➤ JAIC changed its policy in investment in foreign country, and has noted the company for the wholly repayment of convertible loans without the conversion to common stocks. The company and JAIC have made an agreement on the installation payment of such loan for 40 million baht. The company has already repaid as per condition.</p>
2011	<p>➤ The company raised its registered capital from 120 million baht to 130 million baht by issuing and selling the additional common stocks to the existing shareholders proportionately. The funds were used for the investment in project of manufacturing the bus using natural gas (NGV). The company has to increase the additional capital as per the condition required by The Board of Investment Promotion (BOI).</p> <p>➤ The company was promoted for investment from The Board of Investment Promotion (BOI) in manufacturing the thirty-seated bus using natural gas (NGV),with production capacity of 1,000 units /year. The company derived the right for the exemption of corporate income tax from the net profit incurred from the business being promoted in total of not over than 100%</p>

Year	Major developments
	<p>of the investment, excluding property costs and working capital, for 8 years. The company also derived the import duty exemption on raw materials and essential supplies which have to be imported abroad for production for period of 5 years.</p> <p>➤ The company acquired the whole common stocks of CTV-TMT from French share holder, making the company to hold the shares in CTV-TMT for 99.99% Of registered capital.</p>
2012	<p>:</p> <p>➤ On May 30, 2012, the company signed an agreement for the cooperation with Hanaoka Sharyo Co., Ltd. from Japan who is the manufacturer of group support equipment used in worldwide airports.</p> <p>➤ The company got a job in managing the project in repairing and maintenance of trucks for more than 1,000 units for Linfox Transport (Thailand) Co., Ltd. and 4 service centers of Tesco-Lotus: Lamlukka center, Wangnoi center, Samkoke center, and Bangbuathong center.</p> <p>➤ The company has been approved the investment promotion from The Board of Investment Promotion (BOI) in manufacturing the container dolly, with production capacity of 1,600 units/year. The company derived the right for the exemption of corporate income tax from the net profit incurred from the business being promoted in total of not over than 100% of the investment, excluding property costs and working capital, for 8 years period. The company also derived the import duty exemption on raw materials and essential supplies which have to be imported abroad for production for 5 years period.</p>
2013	<p>➤ The company turned into the public company limited, and changed its name to “Cho Thavee Dollasien Public Company Limited”.</p> <p>➤ The company raised its registered capital from 130 million baht to 180 million baht on 2nd January 2013, by issuing the additional common stocks for 200 Million shares with par value of 0.25 baht each for the initial public offering (“IPO”). The company’s stocks have been registered in The Market for Alternative Investment (MAI). The company received funds from IPO for 360 million baht which were recorded as capitals for 50 million baht, and share premium for 291.36 million baht (net amount after deducting expenses related to the offering of common stocks in approximate of 18.64 million baht).</p> <p>➤ On 28<sup>th</sup> October 2013, the company issued the warrants to the existing shareholders with no commercial value for 360 million units. With the portion of 2 existing shares to 1 unit of warrant. The company has registered its additional capitals for 90 million baht reserved for the exercise of warrants. One warrant can be converted to one common stock at the price of 0.50 baht, with the maturity of 3 years from the date of the issuance of warrants. The exercise will be started upon the first maturity of warrant. The first exercise date fall on 30<sup>th</sup> December 2014, and at the last day of each quarter until the last day of the exercise on 27<sup>th</sup> October 2016. At the present, the company’s registered capitals are 270 million baht comprising of the common stocks of 1,080 million shares with par value of 0.25 baht. With the paid-up registered capitals of 180 million baht.</p>

Year	Major developments
	<ul style="list-style-type: none"> <li>➤ The company has been accredited for the quality standard of factory in modifying truck in equivalent to factory quality of MAN Truck &amp; Bus AG. ("MAN") Germany, in modifying the truck of MAN requested from MAN's customer. This was the first factory outside Europe.</li> <li>➤ The company has been appointed only one in Thailand by BAE Systems Overseas Inc. from The United Kingdom as a solely sale distributor of spare parts and the technical supporting for the products concerning all of the vehicles system, and parts in repairing and supporting for armed system, and all of the supporting products, except for gunned ship with the source from U.S.A.</li> <li>➤ The company has been appointed from Morooka, Japan as the importer and sale distributor of the Morooka rubber crawler carrier for Thai market.</li> </ul>

### 1.3 The whole busprurs models

The company has one subsidiary company namely Cho Thavee Thermotech Co., Ltd. The structure of the group being shown below:



#### The subsidiary company

Name	: Cho Thavee Thermotech Co., Ltd. ("CTV-TMT")
Business characteristic	: Do the business of designing, manufacturing, assembling, and Installing of light-weighted fiberglass fresh box for truck.
Location of H.O. & factory	: 265 Moo 4, Klang Muang Rd., Tambol Muang Khao, Amphur Muang Khonkaen 40000.
Telephone/Fax	: 0-4334-1210-12 / 0-4334-1242

Location of Bangkok office	: 96/25 Vibhavadee Rangsit Rd., Bangkhen, Laksi district, Bangkok 10210
Telephone/Fax	: 0-2973-4382-84 / 0-2973-4385
Registered capitals	: 20 million baht
Paid-up registered capitals	: 20 million baht
Par value	: 10 baht
Amount of shares	: 2,000,000 shares
List of directors	: 1) Mr. Suradech Thaweesaengsakulthai 2) Ms. Asana Taweesaengsakulthai 3) Ms. Rungtiwa Taweesaengsakulthai
List of shareholders	: 1) Cho Thavee Dollasien Public Company Limited 1,999,995 shares 99.99 % 2) Other minor shareholders 5 shares 0.01% Total 2,000,000 shares 100.00%

#### 1.4 Business Related of Main Shareholder

The company is the creating and manufacturing of commercial body track and other services. The company buy and sales many brand of truck chassis and spare part included service to customer. The company do others business that seem to be benefit and values added to the company. By the comparison of price as appropriate and complied with business of the main shareholder and director, detail and related as follows:

##### The related companies

Name	: Khon kaen Cho Thavee (1993) Co., Ltd. (Formerly known as "Cho Ruam thavee Industry Co., Ltd.)
Business characteristic	: Sell of head of the truck, every type of truck, and offer hire purchase loan for truck. With 7 man power at the Present.
Date of establishment	: May 4, 1990
Registered capitals/Paid-up capitals	: 325 million baht/325 million baht
The relationship	: Two directors of the company are the shareholders of the Related company (1) Mr. Suradech Taweesaengsakulthai holds 97.38% of registered capitals. (2) Ms. Asana Taweesaengsakulthai holds 0.69% of registered capitals. - There is one related director-Mr. Suradech Taweesaengsakulthai
Reason of not being classified in group	: The difference in business characteristic. Anyway, there is an agreement with the company by not competing in order to get rid of the conflict of interest.

Name	: Volrep Truck and Bus Co., Ltd.
Business characteristic	: Repaid the engine and head of trucks. There are 14 man powers at the present.
Date of establishment	: September 8, 1992
Registered capitals/Paid-up capitals	: 10 million baht/10 million baht
The relationship	: - Two directors of the company are the shareholders of The related company (1) Mr. Suradech Taweesaengsakulthai holds 85% of registered capitals.



- (2) Ms. Asana Taweesaengsakulthai holds 5% of Registered capitals.  
 - There are two related directors: Mr. Suradech Taweesaengsakulthai and Ms. Asana Taweesaengsakulthai.

Reason of not being classified in group : The difference in business characteristic. Anyway, there is an agreement by not competing in order to get rid of the conflict of interest.

Name : Khon kaen Cho Thavee Limited Partnership  
 Business characteristic : Sell cars, trucks, semi-trucks, other kinds of vehicles.  
 Date of establishment : May 18, 1977  
 Registered capitals/Paid-up capitals : 3 million baht/3 million baht  
 The relationship : - Two director of the company are the shareholder of The related company  
 (1) Mr. Suradech Taweesaengsakulthai holds 13.33% of registered capitals.  
 (2) Ms. Asana Taweesaengsakulthai holds 13.33% of registered capitals.  
 - There is one related director-Mr. Suradech Taweesaengsakulthai.

Reason of not being classified in group : Ceased the operation and under the process of collecting the debts from debtors. The business will be winded up later.

Name : Cho Ruam thavee Leasing and Real Estate Co., Ltd.  
 Business characteristic : Real estate for rent and for business doing  
 Date of establishment : January 13, 1984  
 Registered capitals/Paid-up capitals : 10 million baht/10 million baht  
 The relationship : One directors of the company are the shareholders of The related company:  
 Mr. Siriwat Taweesaengsakulthai holds 20% of Registered capitals.  
 There is one related directors: Mr. Siriwat Taweesaengsakulthai

Reason of not being classified in group : The difference in business characteristic, and it's The family business.

Name : Chia Eam Sang Co., Ltd.  
 Business characteristic : To buy, sell, lease of machinery, engines, and tractors.  
 Date of establishment : January 18, 1942  
 Registered capitals/Paid-up capitals : 5 million baht/5 million baht  
 The relationship : One director of the company is the shareholder of The related company which is Mr. Suradech Taweesaengsakulthai holding 10% of registered capitals. There is One related director- Mr. Suradech Taweesaengsakulthai.

Reason of not being classified in group : The difference in business characteristic.

Name : Bangkok CTV Intertrade Co., Ltd.  
 Business characteristic : Import and export of handicrafts, souvenirs, and Clothing bags.

Date of establishment : November 17, 1989

Registered : 1 million baht/1 million baht  
capitals/Paid-up capitals

The relationship : Two directors of the company are the shareholders Of the related company  
(1) Mr. Suradech Taweesaengsakulthai holds 11% of Registered capitals.  
(2) Ms. Asana Taweangsakulthai holds 11% of Registered capitals.  
-There are two related directors – Mrs. Phenphimol Vejvarut and  
Ms. Asana Taweangsakulthai.

Reason of not being : The difference in business characteristic.  
classified in group

Name : Ruamthavee Khon kaen Co., Ltd.

Business characteristic : To sell of cars, car's spare parts, and provide the Service of cars repaired.

Date of establishment : October 6, 1955

Registered : 287 million baht/287 million baht  
capitals/Paid-up capitals

The relationship : One director of the company is the shareholder of The related company which is  
Mr. Siriwat Taweangsakulthai holds 19.16% of Registered capitals.  
-There is one related director – Mr. Siriwat Taweangsakulthai

Reason of not being : The difference in business characteristic and its The family business.  
classified in group

Name : Ruam thavee Motor Sales Co., Ltd.

Business characteristic : To sell of cars, car's spare parts, and provide the service of cars repaired.

Date of establishment : March 29, 2011

Registered : 180 million baht/180 million baht  
capitals/Paid-up capitals

The relationship : One director of the company is the shareholder of the related company which is  
Mr. Siriwat Taweangsakulthai holds 16.67% of registered capitals.  
-There is one related director – Mr. Siriwat Taweangsakulthai

Reason of not being : The difference in business characteristic and its The family business.  
classified in group

Name : Energy Systems Co., Ltd.

Business characteristic : Manufacturing of electronic parts

Date of establishment : October 6, 1993

Registered : 22 million baht/22 million baht  
capitals/Paid-up capitals

The relationship : One director of the company is the shareholder of the related company which is  
Ms. Asana Taweangsakulthai holds 5.34% of registered capitals.  
-There is one related director – Ms. Asana Taweangsakulthai

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Reason of not being : The difference in business characteristic and its The family business.  
classified in group

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Name : APS Multi-trade Co., Ltd.  
Business characteristic : Import and export of tractors and rickshaw  
Date of establishment : May 10, 1996  
Registered : 1 million baht/1 million baht  
capitals/Paid-up capitals  
The relationship : One director of the company is the shareholder of the related company which is  
Mr. Suradech Taweesaengsakulthai holds 23.33% of Registered capitals.  
-There is one related director – Mr. Suradech Taweesaengsakulthai

Reason of not being : The difference in business characteristic.  
classified in group

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Name : O. J. Development Co., Ltd.  
Business characteristic : Space rental/Sell and buy of real estate  
Date of establishment : July 9, 2009  
Registered : 10 million baht/10 million baht  
capitals/Paid-up capitals  
The relationship : One director of the company is the shareholder of The related company which is  
Ms. Asana Taweesaengsakulthai holds 44.99% of registered capitals And 55% of  
registered capitals held by a company of the Company's director which is Volrep  
Truck and Bus Co., Ltd.  
-There is one related director – Ms. Asana Taweesaengsakulthai

Reason of not being : The difference in business characteristic and its The family business.  
classified in group

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Name : Tang Hua Sing Nakhon Pathom Limited Partnership  
Business characteristic : Retailer of engine spare parts, and sale distributor of HINO truck's head.  
Date of establishment : August 15, 1967  
Registered : 5 million baht/5 million baht  
capitals/Paid-up capitals  
The relationship : One director of the company is a partner of the related company which is  
Mrs. Phenphimol Vejvarut

Reason of not being : The difference in business characteristic and its The family business.  
classified in group

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## 2. Business characteristic

The company will be at the leader in designing, creating, manufacturing, innovative designs world-class technologies with professional management with unique knowledge, in order to reach the excellence, building the confident and the satisfaction to the customers with the consciousness in social responsibilities and environmental concern. The company has its target in offering the quality products under the brand “CHO” to the international level with the proud and the happiness to the stakeholders. To build the competition power in reaching to be the leader in technology innovations for Thailand.

The company has continuously delivered the products and services, by concerning to the accuracy according to standard basis as per the announcement from the land transportation department. The company has been certified to the registration as the first level manufacturer of vehicles according to the announcement from the land transportation department subjected: The basis, procedure, and condition in approving the chassis and the body of vehicles for the transportation of animals or objects feature 6 (trucks) feature 7 (semi-trucks) and feature 8 (semi-trucks containing long materials) B.E. 2553. The company products and services are accepted by domestic and foreign customers. The company has the skillful engineers who thoroughly understand the products, and able to give the suggestion to the customers very well. The company products are standardized products with the controls under every designing and production procedure as per the requirement of standard quality system ISO 9001, and have been certified for standard quality system ISO 9001: 2008 from Bureau TUV Nord, Germany. The company products and services have also been certified international standard such as: The safety standard for products imported and produced for selling in European Union (CE mark), The safety standard for the products as per the requirement of IATA.

Furthermore, the company never stops in doing the research and the development of products or engineering systems. The company's research and development team works have designed the new model of product innovation and developed various technologies continuously. All of the products or the innovations have been registered with the intellectual properties department. At the present, the company has received many sub-patents and under the request for the registration of sub-patents or invention patent, or the designing of products sub-patent, from the intellectual properties department of more than 100 items.

### 2.1 Income structure of the company

**Table of income structure (consolidated income statement) year 2011-2013**

Type of income	year 2011		year 2012		year 2013	
	Million baht	%	Million baht	%	Million baht	%
Income as per contract	636.85	95.14%	625.66	93.40%	767.46	88.17
Income from sales and services/1	32.51	4.86%	44.20	6.60%	102.95	11.83
<b>Total incomes</b>	<b>669.36</b>	<b>100.00%</b>	<b>669.86</b>	<b>100.00%</b>	<b>870.41</b>	<b>100.00</b>
Other income/2	33.06	4.94%	21.30	3.18%	1.37	0.16
<b>Grand total incomes</b>	<b>702.41</b>		<b>691.16</b>		<b>871.78</b>	

Remarks : /1 - Income from sales comprising of selling of spare parts, selling of samples (prototype), selling of products in stocks.

/2 - Other income comprising of gain (loss) from currency exchanges, management income, rental income, interest income, and others.



## 2.2 The products and services characteristic

The company's products and services can be characterized into 3 groups as standard product group, special designed product group, and project management and services group, with the details as follows:

### 1. Standard productgroup

Standard product group means trucks, trailers, semi-trailers which were bought by the customers for using in the transportation as per special requirement. There are the trucks for using only in the loading of products with no requirement for much more technology of engineering system, or the products ordered by the customers with the standardized production. The types of this group of product and its qualification according to the usage can be summarized as follows:

#### 1.1 Standard Truck : STD

Group of general standard trucks, trailers, semi-trailers with strength and durable, and can be loaded with heavy weights. The company has designed very well the structure of lower system in order for the capable of loading as heaviest enough as required by laws. Meanwhile, it is easy in controlling vehicles for trailers and semi-trailers manufactured by the company and sold to the clients suitably to the special purpose such as:

- 1) Truck chassis : Head of truck to be assembled to the body of truck or trailer.
- 2) Full Trailer : The trailer to be pulled by truck chassis by using the pulling arm. This kind of trailer can be designed and manufactured in many features such as plain-floored trailer, high stall trailer, trailer of container for dried cargo, trailer of chiller for frozen cargo, dumping trailer.
- 3) Semi-Trailer : Semi-trailer with the pulling in kind of using its head with the installed pulling plate. This kind of trailer can be manufactured in various features such as semi-trailer container, plain-floored semi-trailer, dumping semi-trailer, and semi-trailer for container.
- 4) Beverage Truck : The truck for the transportation of beverage. This kind of truck has special characteristic that it can contain much more merchandises, and can be open from the side by hydraulic system, make it easy for the fleeting and can be prevented from the rain and outside dust. The technology has been transferred by Hackney of U.S.A. who is the world big manufacturer of aluminum container.

Sample pictures of dumping truck, trailer, and semi-trailer



Full open door Dry Van



Trailer Dump



Fiber Refrigerator Truck



Dry Van Fiber Full Trailer



Fiber Dry Van Semi-Trailer



Lowbed Semi-Trailer

### 1.2 The installation of NGV system (NGV Products : NGV)

The company provides the installation of NGV engine and NGV body to trailer and every type of truck. This kind of product is the new alternative in consuming energy worthwhile to the higher oil price at the present. For example, the installation of 100% NGV, and the installation of NGV with jointed fuel. The is the manufacturer of NGV engine for public bus of The Bangkok Mass Transit Authority (BMTA), and the installation of tank containing NGV for PTT Public Company Limited.

Sample pictures of the installation of NGV system



### 1.3 Fabrication Works, others : FAB

The company has the modern laser cutting machine and machine for folding and welding of metal enabled to do the work of forming, welding, and assembling of metal box such as aluminum box for the installation on chassis of truck or trailer, semi-trailer. The company can design and assemble of metal box suitably with chassis of every model of truck and every brand. The company can also design and develop the production of aluminum box with high strength, for the installation of communication equipment of the country's defensive for export.

Sample pictures of forming and Fabricate of metal



### 1.4 Transferring of Know How Work (Know How)

The company designs, invents, and develops various types of vehicle's body model. The company owns 11 items of the vehicle's body model which have derived the sub-patent from the intellectual properties department. The company is also under the process of register for many sub-patents, or invention patents, or patents for the designing of products from the intellectual properties department. Moreover, the company's working team is also the expert in assembling of the vehicle's body and the installation of engineering work of the truck, trailer, and semi-trailer. The company, then, offers for the right of using the production model, and provide the service of transferring some production technology such as: the container chassis model, the technology in

assembling of light-weighted fiber glass box, to the customers who are the foreign manufacturers and the assemblers of the body of truck, trailer, and semi-trailer such as: India, Vietnam. The company will receive the payment of know how fee or royalty fee in accordance with the numbers of product being produced by Using the company's model or technology.

## 2. Special Designed Product

Special designed product group means truck, trailer/semi-trailer which required special design as per customer's requirement. The product required complex technology and precisely engineering system. This kind of product and its qualification can be classified as follows:

### 2.1 Ground Support Equipment : GSE

This kind of product is the special model vehicle used in the airport with special engineering designed and the complexity and the modernization of engineering system. This kind of product must have high quality and passed the tight international standard from the organization concerning aviation industry such as: ICAO, IATA, airport authority of each country. This kind of product can continuously generate income to the company in high proportion. The company's main product, especially for the catering hi-loaders truck, has been trusted from the customer in group of airline catering from both domestic and international countries. The followings are the product under this group of product:

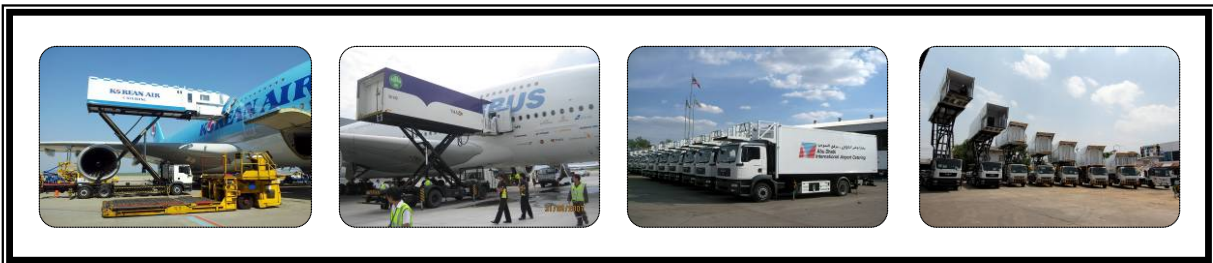
1) Catering Hi-loaders Truck : This is the truck for loading of foods from airline catering (in-flight services) to the airplane for serving to the passengers. The company has been transferred of the model of product and technology of assembling the truck body and engineering system from DOLL Fahrzeugbau AG of Germany, who has joined continuously in developing the structure and engineering system. At the present, the company can develop the model structure of new product for old and new airplane. The company can also develop the technology of assembling the body and installing the engineering system by Thai engineers. The company's latest proud is the catering hi-loaders for airbus A380, which is the biggest airplane in the world and required the most precisely engineering system. At the present, there are only three manufacturers around the world, and the company is one of these. The company first hi-loaders for airbus A380 has been delivered to Emirates Flight Catering in 2006.

The strength of the company's catering hi-loaders truck is that it is designed for every size of airplane ranging from small-medium-large. It is designed with the modernization and suitably to the usage such as: half cap hi-loaders, low cap hi-loaders, and normal cap hi-loaders, with the strength and durable, and can be designed suitably to the weather condition in each country such as: country in the middle-east. The catering hi-loaders truck must maintain the temperature and the hygiene of foods loaded. The company's catering hi-loaders truck has been trusted from the customer about the precision easy in cleaning. It can be adjusted as up and down as per the usage of each airplane's model which can be classified into three sizes as follows:

Model	Length (unit : meters)	Height (unit : meters)	Loading weight (unit : kgs.)	Airplane's model
a) X-Cat L	7.8	8	4,500	Airbus A380 <sup>1</sup>
b) X-Cat M	6.5 - 7	6	4,500	1) Model with height of 6 meters such as A340, B777, B747, MD11, DC10, A310 2) Model with height of 5 meters such as B767, B757
c) X-Cat S	4.5	1.2 - 4	2,500	1) Model with height of 4 meters such as A321, A320 2) Model with height of 3 meters such as B727, B737, MD80 3) Model with height of 2 meters such as F100, AVRO RJ 70-RL100, SAAB SF 340, F27 4) Model with height of 1.2 meters such as HEIGHT IN METERS

Remark: /1- On 5<sup>th</sup> October 2011, the company has been awarded for the best innovation from The Organization of National Innovation (public company), Ministry of Science and Technology for the production of catering hi-loaders truck, model X-CAT L for airbus A380.

Sample pictures of Catering Hi-loaders Truck



2) Passenger Stairway : It is the stairway for passenger in getting on-off airplane. This is the company's product with high quality and passed tight international standard from the organization concerning the aviation industry.

Sample picture of passenger stairway



3) Rescue Stairs Vehicle : It is the rescue stairs vehicle using for getting on-off the airplane in case of emergency. The company has designed and manufactured rescue stairs vehicle for airbus A380 which is the world's biggest airplane at the airport.

Sample picture of rescue stairs vehicle



4) Other group support equipment : The products that company designs and manufactures for many airline such as: repair and maintenance truck, baggage loading truck, truck for patients, truck for waste cleaning, and water tank.

Sample pictures of other products



On 30<sup>th</sup> May 2012, the company has signed an agreement for business alliance with Hanaoka Sharyo Co., Ltd. from Japan, the company famous in producing and assembling of service truck for worldwide airline such as: the baggage cart, the baggage rickshaw, the truck for baggage fleeting in airplane, for the manufacture and the marketing of ground support equipment (detail as per 2.8 contracts pertaining to the business operation)

## 2.2 Fire Fighting Truck : FFT

This is the special model truck for fire fighting in both low rise and high rise. The company has been transferred the technology from the big European manufacturer. The company fire fighting truck has unique qualifications as follows:

- 1) High-rise fire fighting truck: The company has designed and developed the technology for the truck with 53 meters height. The first production and delivery was on year 2010 to the municipal of Pakkred, Nonthaburi.
- 2) Water pump and propeller: To be produced from alloy material with the resistance to every condition of water. It can be used for fresh water, salt water, and brackish water.
- 3) Power in absorbing water: The ability to adjust the pressure of absorbing as required.

From the above qualifications enabled to the company's products to be required by Foreign customer such as: Bangladesh, Sri Lanka, and local customers from government and state enterprises such as EGAT and PTTEP.

Rescue truck: The truck for keeping rescue equipment, with the aluminum sliding door and water resistant. There is the vertical and horizon sliding drawer inside. The down side of sliding door, next to the passenger room, can be open and turned to be stair. There is the installation of rescue equipment and live safe inside of the equipment box.



### Sample pictures of fire fighting truck



### **2.3 Military Products : MILITARY**

This is the special model vehicle for using in the army, the air force, and the navy. The company can manufacture vehicle for the military properly to the specification as required. The company has been hired from the military in manufacturing and improving models of vehicle such as: light-weighted truck model 50 and model 51 (M1), 4 x 4 drive (canvas roof, metal roof, and fiber roof), improved the truck condition model MB17 and M31A2, fleeing truck.

### Sample pictures of military product



### **2.4 Rolling Stock Business : RSB**

The group of the train being designed and improved by the company properly to the specification required. In 2005, the company has improved the train cabin from third-class-fanned cabin to second-class-air conditioned cabin in total of 20 cabins, and had already been delivered to The State Railway of Thailand.

### Sample pictures of rolling stock business



### **2.5 Special Full Trailer/Semi-Trailer : SPC**

The company can manufacture the special designed semi-trailer with size ranging from 5 axles, 6 axles, and the trailer with size of 14 axles and 16 axles, for the transportation of heavy machine and train bogie, or multi-purposed truck. The company has manufactured the special trailer with size 16 axles for BECL in loading finished concrete used in assembling of express way. This kind of trailer is the longest one in Asian region, with the length of more than 24 meters (excluded pulling arm), it can be loaded for the weights of 100-160 tones/unit. The operating system of 16 axles related to the radius of the turning of the trailer's head, and the big trailer can easily turn. In case of the radius of the turning is narrower or wider, it can be controlled remotely. With the hydraulic system, every wheel is separately independent. Furthermore, it can be adjusted for high and low of the floor between +/-300 millimeters.

Sample pictures of special semi-trailer



### 3. Project Management and Services

Project management and services mean the group of special services that the company has done in integrating international engineering technology with professional management by the experiences and skillful of the managements and team work. The company, with the long experiences and skillful both engineering works and managements, is able to provide the service of large project management to the customers. At the present, the company provides the following services as:

#### 3.1 The project management of Offshore Patrol Vessel : OPV

In 2009, the company and the related company (Khonkaen Cho Tawee (1993) Co., Ltd.) and Volrep Truck and Bus Co., Ltd. have joined in providing service of project management for building the heavy offshore patrol vessel: OPV from The Bangkok Dock Co., Ltd. The vessel's model adopted from BAE systems (United Kingdom). The company responsible as the consultant of work in improving vessel's model, work in improving vessel's electric power system from 440 volts to be reduced to 380 volts. The related company responsible for being an advisor to the procurement, financial service, warehouse, logistics, information technology, and repairing service. (see further detail of project OPV from [www.theopv.com](http://www.theopv.com)). This project took 4 years in implementing and had already been delivered in 2013. This is the first OPV built by Thai people.



The Bangkok Dock Co., Ltd. has derived the right on the vessel's model in building OPV for commercial from BAE systems for 10 years (2010-2019). So, the company has the opportunity for additional work if the navy or The Bangkok Dock Co., Ltd. has the project of building new OPV. It also includes the foreign customer of The Bangkok Co., Ltd. ordering for the OPV as per the above mentioned model. The related company has signed the agreement with the company by not competing in doing such business. The company will be the only project manager in case that there will be such kind of business in the future.

#### 3.2 Project of repair and maintenance and repairing center for Linfox (Tesco-Lotus Project)

The company has been trusted by Linfox Transport (Thailand) Co., Ltd. ("LINFOX") and Ekkachai Distribution System Co., Ltd. ("TESCO-LOTUS") as the product manager for the repair and maintenance work and repairing center for the truck, trailer/semi-trailer of all Tesco-Lotus projects. The company responsible for the



maintaining of the capability of more than 2,000 trucks of TESCO-LOTUS and LINFOX located in 4 centers which are Lamlukka center, Wangnoi center, Samkok center, and Bangbuathong center. The company, aiming at the opportunity of increasing income from repairing service, has rented 4 rai of land at Wangnoi, Ayudhya being the repairing center for the truck (in case of long period of repairing), and other repairing services for the company's customers and others. This repairing center enabled to the company's potential in taking much more cares to the company's customers at Wangnoi center which is the location near Bangkok. It also increased the opportunity of providing more services to LINFOX and TESCO-LOTUS. At the present, there are many customers would like to do the agreement with the company and are under the negotiation.

## 2.3 Marketing and Competition Situation

### 2.3.1 Marketing

#### 1) Product strategy

The company has its policy aiming at the development of the products to meet the international standard quality responded to the customers' requirements, especially for the commercial customers. In addition, the company look forward to the research and development of products continuously. The company products have been certified for the international standard quality.

The company provides full range of services ranging from the stage of designing to after sales services. The company lends the significant from the stage of designing as per customers' requirements which must be interviewed in detail by sales department of the company. The company designs delicately the vehicle's body to meet the customers' requirements. The procurement of every unit of equipment and parts must have quality which being passed the standard inspection and controlling ISO 9001:2008. The production are computerized operated in sending, collecting of information in each step starting from the draft of each job until the completion, and tested for the usage.

The company also emphasize on the after sale service to be corresponded with the company service principle that "The wheeling is the important factor of your transportation, and we recognize to such importance. So, we emphasize on the after sale service specially, for every wheel of your truck always turn under every situation".

For the product that the company has no expert in production or the incompetent of the required specification, the company will search for the business alliance with the expert and potential in production. This will be done under the business cooperation agreement or the establishing of new juristic person in form of joint venture. The joint venture, then, can define the invest portion, the objective of establishing, the authority and responsibility of each party, and the period of the operation.

#### 2) Pricing strategy

The company has the policy in operating by concerning to the readiness of human resources and others before entering in getting the job. The company has the pricing policy by considering of cost plus margin. The total costs of products and services comprising of material and equipment costs, component costs, the direct labor costs which computed from the estimated time of production, manufacturing costs, financial costs, and

allocation costs, costs of reserved for material and equipment price, and warehouse costs. The engineering department and the production department work together in duplicating the product structure in detail, for being factor in calculating material and equipment quantity, and production time. In case of the purchase of material and equipment, or component from abroad, there will be the costs of reserved for currency exchange added in the costs computation. However, the price offered to the customers must be considered as competitive price and corresponded to the market situation.

In case of there is the order of purchasing or manufacturing between the company and Cho Tawee Turmotech Co., Ltd. (The subsidiary company), the pricing policy will be determined as related transaction price by considering the total costs of product or service plus 5%. In case that the customers would like to buy light-weighted fiber glass chiller truck from the subsidiary company, but there must be the assembling and the installation of light-weighted fiber glass chiller connected to the chassis of truck or trailer/semi-trailer, the subsidiary company will issue the job order to the company in operating such job.

### **3) Channel of distribution strategy (Place)**

The company emphasize on the direct sale applying pro-active and efficient marketing strategy through two channels which are the attendance of bidding and direct contact with the contractor. At the present, the company's sales department comprised of 3 domestic teams and 1 foreign team. Details are as follows:

#### **1) Domestic sales team**

1.1 Sales team for private customers : This is the sales team who sell the products directly to private customers in the country. There are 2 following types as:

- Selling to the entrepreneur doing the business of logistics or the business of manufacturing and selling of products. The entrepreneur can request the company for the procurement of truck's head. The entrepreneur can also buy truck's head directly from the dealers such as MAN, VOLVO, HINO, ISUZU, MITSUBISHI, and let the company do the job of manufacturing, assembling, and installing of the truck's body or various trailers connected to the chassis of truck's head.
- Selling through the dealers of pick-up truck. Sales team will contact directly with the dealer of pick-up truck for the manufacturing and installing of the body or the trailer. When the dealer's customers place order for the manufacturing and installing of the body or the trailer, the dealer will send the job to the company.

1.2 Sales team to the government organization : The products sold are those for special purpose such as: the garbage truck, water tank truck, the truck for loading electric pole, and the truck for loading heavy machine.

1.3 Special sales team : Emphasize on the sale of special products such as the vehicle for the army, and state enterprises.

2. Foreign sales team : Emphasize on the sale of special designed products in the type of ground support equipment (GSE) used in the airport such as catering hi-loaders truck which are sold to the Asian countries, the southeast Asia, and the Oceania, as per the agreement with DOLL Fahrzeugbau AG, Germany. The company will sell through the dealer, or sell directly to the foreign customers in

some case. There is the agreement between the company and the dealer that the dealer will be the coordinator in taking care of the repairing of the company's products sold abroad within the warranty period. The company does not responsible for the after sales service expenses. In case that the company does the marketing or enter into the bidding directly with the foreign customers, there will be higher after sales service costs than being sold through the dealer, and the company will add such costs to the computation of selling price. In 2013, the company's most portion of sale in foreign countries are the special designed products as follows:

- Approximate of 45% of sale in foreign countries derived from the customers in the middle-east such as United Arab Emirates and Saudi Arabia.
- Approximate of 40% of sale in foreign countries derived from the customers in Asia such as Singapore, Korea, China, Hong Kong, Japan.
- Approximate of 15% are other products sold to every country worldwide such as fire fighting truck, trailer/semi-trailer, special designed vehicle.

#### 4) Promotional strategy

1. The company emphasize on the after sales service closely and building good relationship with the customers. Especially to the foreign customers, since it is the way to build the confidence and trust to the customers. For example, to give the advice and the repair & maintenance of engine by information technology through computerized system (remote service), and the advice to the usage and other after sales service, and to evaluate the performance in each 3 months.
2. The company lends the significant to publicize the company's products directly to target customers. The company's public relation was made through many medias such as magazines, trade fair exhibition, various electronic medias, including the sending of information direct to the customers.
3. The company has its group of products to be categorized and the classification of responsible team work comprised of: the group of domestic customers, foreign customers, customers from government organization, and the customers of special project group. This enable to the company in taking care and providing, including the corresponding to the customers' demands as well.

#### 2.3.2 The target customers

The company manufactures and sells its products to the customers both in the country and outside the country. Most of the customers are the entrepreneur doing the business of product transportation, the business of manufacturing and selling of products with many locations of distributing throughout the country, and governmental organization such as The Bangkok Metropolitan, the organization of rural administration. The company manufactures the products as per the customers' order (made to order). The target customers of the company can be categorized in group as follows:

1. The group of domestic customers : The main group of domestic customer is the entrepreneur in the business of transportation and logistics, and retail sale. Most of the products sold are the standard products such as: trailer/semi-trailer, dumping trailer, dumping pick-up truck, rickshaw with low outskirts semi-trailer, fiber glass trailer, trailer with presentation X-lift, the truck for the transportation of gas with long tube, chiller (the subsidiary company's product).

2. The group of foreign customers : The main group of foreign customer is the entrepreneur in the business of transportation and logistics, airline catering, in-flight service, and aviation business. Most of the products sold are specialization designed products in type of ground support equipment (GSE) for using within the airport such as catering hi-loaders truck.

The company does not depend on each customer significantly. List of the well- known customers both domestic and foreign can be summarized as follows:

No.	Domestic customers	Products sold
1	Ekkachai Distribution System Co., Ltd.	Dry van semi-trailer, Dry Cargo semi-trailer
2	Linfox Transport (Thailand) Co., Ltd.	3 Axles Dry van semi-trailer, 3 Axles Multi-temp Semi-trailer
3	DHL Distribution (Thailand) Co., Ltd.	10 wheels dry van P2, 10 wheels refrigerator P2, trailer, semi-trailer
4	The Exposure Communication Network Co., Ltd.	Baggage Cart, Potable Water Truck, Catering Lavatory Truck
5	Great Gourmet (Thailand) Co., Ltd.	CTV-DOLL Insulate Catering body
6	L.S.G. Skysafe (Thailand) Co., Ltd.	Catering body
7	Thai Namthip Co., Ltd.	Cargo semi-trailer, hackney, shutter door Semi-trailer
8	Thai International Airways Public Company Limited	Catering truck, maintenance platform vehicle, and airport service vehicle
9	EGAT	Special designed/long-flatted floor trailer
10	Bangkok Airways Co., Ltd.	Baggage Cart, Potable Water Truck 500L, Catering

No.	Foreign customers	Country	Products sold
1	EMIRATES FLIGHT CATERING CO. LTD.,	U.A.E.	Catering hi-loaders truck
2	CHANGI INTERNATIONAL AIRPORT SERVICES	Singapore	Catering hi-loaders truck
3	CATHAY PACIFIC CATERING	Hong Kong	Catering hi-loaders truck
4	PT.ANGKASA CITRA SARANA CATERING SERVICE CO.,LTD	Indonesia	Catering hi-loaders truck
5	SAIGON TRUNGDO JOIN STOCKS COMPANY	Vietnam	Catering hi-loaders truck
6	FUTUREBUD INTERNATIONAL.CO.LTD.,	Japan	Fire fighting truck
7	ROSENBAUER INTERNATIONAL AKTIENGESELLSCHAFT	Austria	Fire fighting truck
8	MARUMA TECHNICA	Japan	Trailer, semi-trailer

### 2.3.3 Industrial and competition situation

#### Industrial situation

The company's main products which were best seller in the past 3 years comprised of the group of special designed products in type of ground support equipment (GSE) used in the airport such as catering hi-loaders truck, the group of standard products in type of truck, trailer/semi-trailer which being sold to most of the entrepreneurs doing the business of transportation and logistics. So, the industrial situation analysis will be divided into 2 industries which are the aviation business and logistics business, with details as follows:

#### 1. Aviation business

The IATA has forecasted the number of passengers travelling by airplane will be increased to over 3.6 billion passengers within 2016 or increased by 28.5% in the next 5 years from 2011 with 2.8 billion passengers.

60% of the increased passengers are domestic travelling passengers, and the other 40% are international travelling passengers. The group of country with the fast growth in number of passengers travelling by airplane was in the countries in Asia-Pacific, the countries in Latin-American, and the countries in Middle-east (the emerging economies countries). The IATA top executive also express the opinion that the demand in transit travelling by the airline still high, even of the inconsistency of economic problem at the present. Moreover, the growth of air travelling will be the advantage to the related business such as in-flight service, airline catering. The competition in airline business focuses on the additional services offering to the passengers. (Source: IATA forecasts 3-6 billion passengers in 2016, published through social network)

For the aviation business in ASEAN, The Kasikorn Bank research center forecasts that the aviation business in ASEAN still has the potential of growth continuously from the entrance to AEC, after the implementation of free trade of aviation business under the coordination in establishing ASEAN single aviation market. The Kasikorn Bank research center also refers to the report of The Boeing Company that ASEAN will demand the additional of 3,480 airplanes in 2031 compared with the existing of 1,140 airplanes, covering to the economic growth and the growth of travelling in ASEAN. The Kasikorn Bank research center also forecasts that the number of tourists travelling to ASEAN will be increased over 100 million passengers in 2015, from the existing of 80 million passengers in 2011. (Source: The Kasikorn Bank research center)

The trend of the increasing in airplane passengers will affect to the increase of the airlines' number of flights and catering hi-loaders truck to cover the number of passengers.

## **2. The logistics business**

The logistics business has turned to be much busier since 2012, due to the advantage from the recovery of the factories affected from the flood crisis. The production and the distribution of products have been accelerated from these factories. The release of rules and regulations concerning bordering transportation will facilitate the flow of logistics in the AEC region to be more effective. Furthermore, the growth of logistics business has also derived from the special supporting factor that was the development of the communication network system linked in the region with Thailand as the important center. Since Thailand needs to push forward its role as the center of logistics in ASEAN, from the strength of being the gateway to almost countries in Indochina. The route with the busy logistics activity is the route linked to the neighbor countries such as: Route R3A linked Thai-Laos-China, route R8 R9 and R12 linked Thai-Laos-Vietnam-China which will be more important in logistics among ASEAN according to the East-West corridor economic, and will be the linkage route to Dawai seaport of Myanmar in the future.

As from the logistics statistic data for the fourth quarter (July-September 2013) of the 2013 annual budget, there were 945,893 of registered trucks (accumulated) as at 30<sup>th</sup> September 2013, increased by 6.94% compared to the same period of 2012. The top three in proportion of the truck types are pick-up truck, semi-trailer, and trailer. There were 378,823 licenses for truck transportation (accumulated) as at 30<sup>th</sup> September 2013, increased by 4.27% compared to the same period of 2012. This was the evidence to the growth of logistics business in 2012.

Table of the comparative numbers of registered truck (accumulated) as at 30<sup>th</sup> December 2011 and 2012

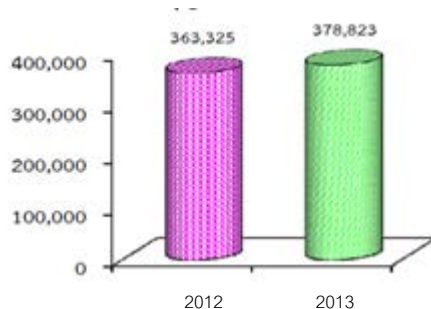
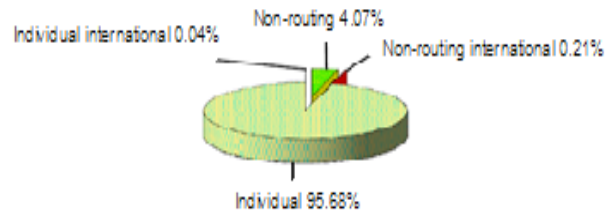
Type of truck	Numbers		Percentage of change 2012/2013 [increase, (decrease)]
	2012	2013	
Total of trucks	884,542	945,893	6.94
Classified as - non-routing	195,232	221,234	13.32
- individual	689,310	724,659	5.13

 Table showing numbers of truck classified as per the registration (accumulated) as at 30<sup>th</sup> September 2013

unit : car

Type of truck	Total	Pick-up truck	Container	Liquid containe	Hazard container truck	Special truck	Trailer	Semi-trailer	Long material	Rickshaw
Non-route	221,234	50,286	23,881	2,421	4,467	14,209	18,491	59,632	147	47,700
Individual	724,659	512,916	40,710	14,370	5,559	47,953	55,780	25,311	799	21,261
Total	945,893	563,202	64,591	16,791	10,026	62,162	74,271	84,943	946	68,961

Number of licenses for truck transportation


 Licenses for truck transportation as at 30<sup>th</sup> September 2012


(Source: Transportation statistic group, Land Transportation Department)

The Kasikorn Bank research center has evaluated the value of gross domestic product in transportation and logistics sector in year 2012 increased to 569,774-578,732 million baht, or increased by 6.3%-8.0% from 536,059 million baht in 2011. It also summarized on the trend of the country's logistics business will be expanded continuously with the support from the demand of the transportation in agricultural sector, construction, and retailing. The domestic supporting factors are such as: the expansion of production base and distribution center to rural area, the expansion of the city, the more active of tourism industry, including the supporting from government sector on the plan in constructing infrastructure for the development of logistics. The foreign supporting factors are such as:

**Strategic Plan for Reconstruction and Future Development.**
**The development of infrastructure investments in the years 2012-2016.**

Investment Sectors	Budget (Million Baht)
<b>Land transport</b>	1,469,879
Developed a special undercarriage highways	187,305
Development of new railway lines	298,238
Development of high-speed rail	481,066
Development of mass transit systems	321,316
Development of road network And multimodal transport	181,954
<b>Transport by air and sea.</b>	148,504
<b>Energy</b>	499,449
<b>Communication</b>	35,181
<b>Public utility</b>	117,072
<b>Total</b>	<b>2,270,086</b>

Source: Thailand Kasikorn Research Center

the incorporation of AEC, the cooperation of ASEAN rim plus the allied countries outside ASEAN such as China, the free trade in logistics service, including the decreased of oil price in the world market. Even though that the entrepreneurs in logistics business have to face with the problem of minimum wages which were increased by approximately of 40%, the problem in managing the drivers, and the risk factors from the weakness of world demand incurred from debt crisis in EURO zone.

The government sector has planned in reducing costs of logistics to 13% within 2017 from 15.2% in 2010 through the investment of infrastructure. From the data about the strategic plan for the recovery and building the country's future, in field of the development of investment for the infrastructure in 2012-2016, there will be the investment in infrastructure at the approximate of 2.27 million baht, focus on the investment in most of the land logistics for more than 70%. (Source: The Kasikorn Bank research center)

### The competition

There are not much more competitors of the company's standard products since most of them are special designed which have been registered of the patent, and are under the process of the registration for innovation patent or product designing patent. The company also applies the modern technology, and the installation of engineering system for creating the differentiation of the products. There are some local customers who manufacture and assemble the truck's body, trailer/semi-trailer alike to the company's products. Most of the foreign competitors are those in the competing of special designed products group such as catering hi-loaders truck, ground support equipment, fire fighting truck. The domestic and foreign competitors are summarized as per type of product as follows:

The competitors	Country	Type of product
<b>Domestic</b>		
1. Panus Assembly Co., Ltd.	Thailand	Truck, trailer/semi-trailer
2. Sammitr Motors Manufacturing Public Company Limited.	Thailand	Truck, trailer/semi-trailer
3. RCK Rung Charoen Co., Ltd.	Thailand	Truck, trailer/semi-trailer
4. Chase Enterprises (Siam) Co., Ltd.	Thailand	Fire fighting truck
5. Lamberet Asia Co.,Ltd. <sup>/1</sup>	Vietnam/Thailand	Fiber glass chiller
<b>Foreign</b>		
1. Aero Mobiles Pte Ltd.	Singapore	Catering hi-loaders truck/Ground Service equipment
2. Mallaghan Engineering Ltd.	Ireland	Catering hi-loaders truck/Ground Service equipment
3. United Motor Work Ltd.	Malaysia	Catering hi-loaders Truck
4. Lamberet Asia Co.,Ltd. <sup>/1</sup>	Vietnam/Thailand	Fiber glass chiller

Remark: /1 – The competitor of Cho Tawee Turmotech Co., Ltd. (The subsidiary company)

## 2.4 Products and Services Procurement

### The Production

The company manufactures the products as per customers' requirement (made to order). The company applies modern engineering technique and the skillful of employees in designing, manufacturing, assembling, and



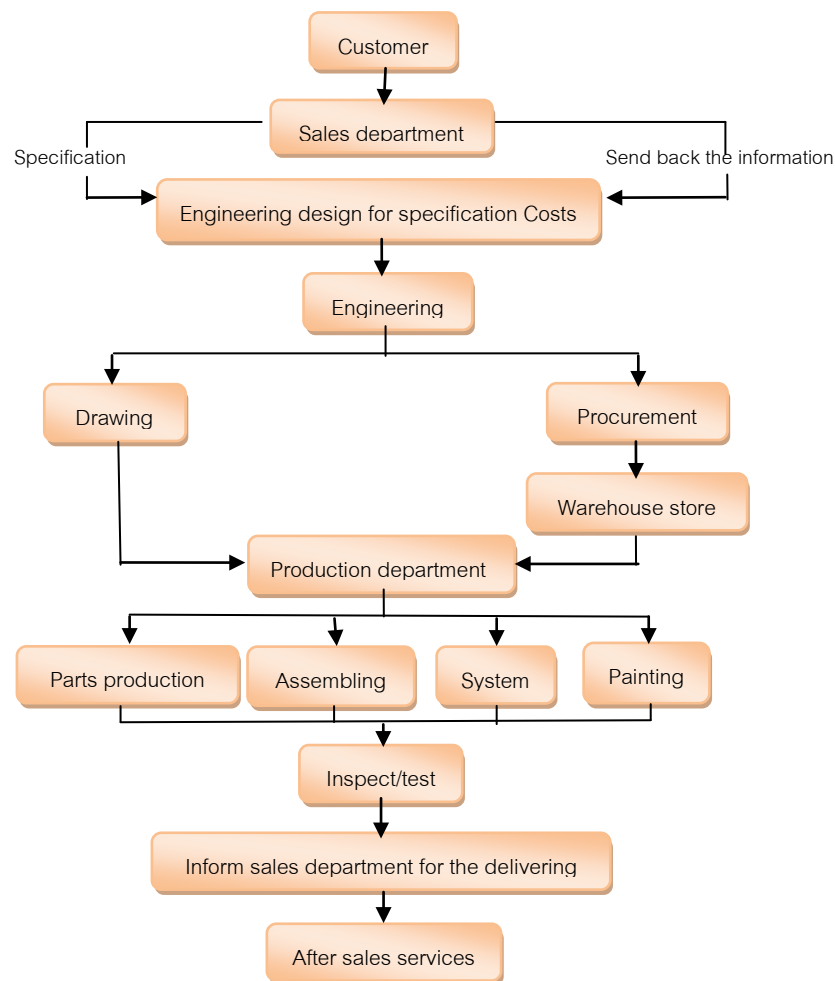
installing engineering system for various types of truck. It takes about 120 days in average from agreement date until the delivery of product for the group of special designed products, depends on the timing of sending materials and equipment from the company's vendors, especially for the order sent from abroad. It is also depend on the complexity of the production.

The company's factory locates on the land of 50 Rai at Khonkaen. The company has the completely modern machines. In the process of production, there are the planning and the managing of effective production. The company applies the computer system in each process starting from drafting of job until the completion. The process of procurement and production being shown as follows:

The product procurement process:

- 1) When the customer place an order for the product, the sales department will forward the structural specification chosen by customer, or sale order check sheet, and product's detail to the designing engineer department for the duplicating, calculating of material quantity, and calculating of costs.
- 2) After finishing the first step, the designing engineer department will send the specification back to the sales department for determining price and informing customer.
- 3) Once the customer agrees on the specification, price, and conditions, the designing engineer department will inform and send the structural design of product to the production department.
- 4) The production department informs detail of materials required for production to the procurement department for purchasing of raw material and/or outsource of component job or service.
- 5) The production department draws the raw materials from warehouse for the production of parts/assembling of the body/installing of system work/sand painting/color waxing.
- 6) Once the production was finished, it must be inspected and tested before informing the sales department for making the appointment with the customer about the inspection and the delivering of the product.
- 7) The sales department delivers the product to the customer, and coordinates for after sales services.

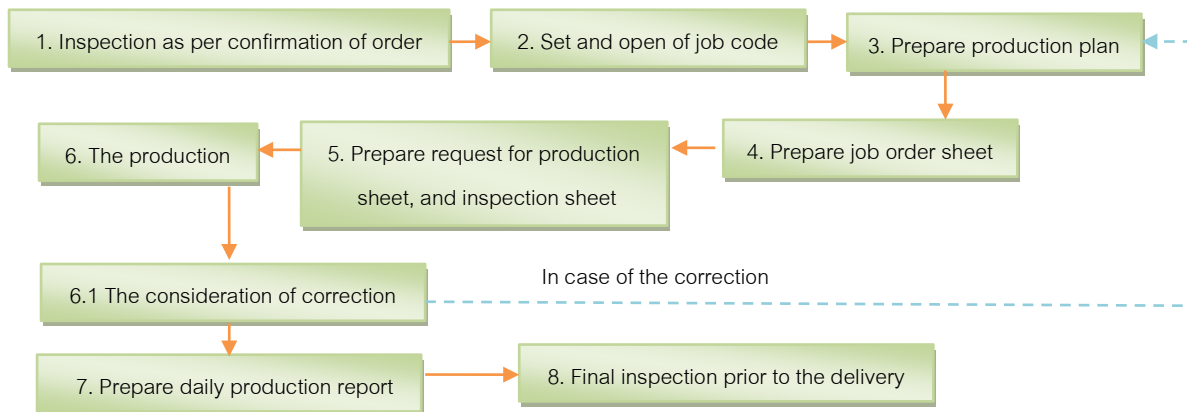
### The procurement process chart



### The Production Process

- 1) Production manager and controlling engineer inspect the job description and other specifications needed for the production.
- 2) The administration officer set job code on the receipt of order and open job code in accounting system.
- 3) The controlling engineer does the production plan by referring to information from sale order check sheet.
- 4) The controlling engineer and the administration officer prepare the request for production sheet from engineer department, and job order sheet of the related section.
- 5) The controlling engineer manufactures in accordance with the planned process. In case of any correction, there must be the adjusting of plan once in twice weeks.
- 6) To prepare daily production report and/or non-conforming report, if any, and record the inspection on inspection sheet.
- 7) The final inspection prior to the delivery.

### The production process chart



The company will consider many factors before getting the job, in order to prevent the risks that may affect to the company's operation. The company will evaluate the potential of customer from fundamental information such as financial position, the executive's faithful, and business operation history. There will be fewer risks from payment for the job from government sector, since the budget has been approved from the government. But there are fewer profits compared to job from private sector. There may be more risks from delayed payment of default of payment from the private sector's job, but the profits are as the company's policy. The company also considers to the readiness of the company such as the quantity of work under the operation and non-delivered job, number of human resources, tools and equipment, and working capitals, in order to ensure the customer that the operation will be finished complied with the contract's conditions.

### The Procurement Process

At the present, the company has 5 employees working in the domestic procurement department, and 1 employee working in the international procurement department. When the company purchases raw material, it will consider the information about material quantity used in production from the costs designed engineering department. The information will be checked with the information in the warehouse whether to the availability of required material or the quantity of material enough for the production or not. The procurement department, then, will check the price from the vendors listed in the company's vendors list, for the conclusion of the procurement and delivery date.

The company's vendors can be classified as domestic vendors and foreign vendors as follows:

- Domestic vendors: The company will purchase materials and equipment from domestic vendors for the products that can be purchased within the country such as truck's head, chassis, metal, aluminum, wire, painting, supplies. The company will check raw material price with 2-3 vendors who have passed primary basis consideration, in each time of purchasing each type of material, such as branding of product (in case that required by customers), the quality of material, the quantity of the products. The price will be quoted and compared to the terms and conditions such as branding, quality, pricing, discounts, and delivery time, prior to the decision making and agree on the procurement.

The company will do the evaluation of the vendors in each 6 months by evaluating from the monthly-recorded delivery. The company sets its procurement policy in selecting new vendor into the vendor list in each month with 2 vendors for every group of material.

➤ Foreign vendors: The company purchases the special material from the foreign vendors. The company sets its policy in purchasing directly from the manufacturer or the distributor of each type of material, except for some material item which has the business cooperation with foreign alliance such as hydraulic system, engineering system, and electric system, which will be purchased from DOLL Company. (The company's business alliance with long time of cooperation, and the shareholders of 1.82% of the company's registered capital) (the portion of 1.31% after IPO)

Table showing value and portion of domestic procurement and foreign procurement in 2011-2013.

Amount of purchase	2011		2012		2013	
	Million baht	%	Million baht	%	Million baht	%
Domestic	341.87	55.40	439.57	77.00	540.35	78.09
Foreign	275.28	44.60	131.28	23.00	151.62	21.91
<b>Total</b>	<b>617.15</b>	<b>100.00</b>	<b>570.85</b>	<b>100.00</b>	<b>691.98</b>	<b>100.00</b>

#### The Outsourcing of Job

The company outsources the kind of job like metal lathing, metal cutting, and metal folding, for the component in size and design as required, or the job of sand/color painting. Most of these jobs required not much skillful. The objective is that the employees in the production department are able to operate the skillful and experienced production with effectiveness, and can also have the production process being done simultaneously for the reducing of the production time.

In case of necessary for the job outsourcing, the procurement department will contact 2-3 contractors who have passed primary basis consideration, in offering the services and quoting of price. The offering document will be compared on terms and conditions such as price, discounts, the readiness of team work. The procurement department, then, will consider for the selection and agree on the outsourcing. The company will do the evaluation of the contractors continuously as same as doing with the vendors who sold material to the company.

#### The Environmental Effect

In the year 2009, the company has been noticed from The Khonkaen Industrial Bureau in improving the factory that caused the smell from spray painting, and the noise from the cutting and the knocking of metals. At the present, the company has already improved as per the advice from The Khonkaen Industrial Bureau.

The company concerns much to the effect from the production process. The company has determined the direction in managing the environment within the factory, such as the method in removing dust from the paint, in order to avoid the troubles to the neighbor and the environmental effect to the employees and the community around the factory. The company has also open for suggestions and advices offered from the channel of face book

## 2.5 Product and Service Characteristic of the Subsidiary Company

Cho Thavee Thermotech Co., Ltd. ("CTV-TMT") does the business of designing, manufacturing, and installing of truck for loading light-weighted fiber glass chiller. This kind of truck is used for the transportation of fresh and dry cargo such as plant, vegetable, fruit, meat, sea animal, bakery, milk, ice. This kind of truck can be applied for the transportation of other goods such as flower, herbs, drugs, blood, and some kind of chemical substance. This kind of truck based on the principle that it must maintain the quality of product by controlling the temperature from beginning to the destination at the same condition. With the technology of sandwich GRP supported with fiber glass structure making the heat-resistant insulator working with full effectiveness, prevent of water leak, shape maintaining, to increase life of usage. The truck installed CTV-TMT chiller has the weight of 35%-40% less than that of the competitor's truck which used other material. CTV-TMT truck is stronger than that of the competitors, with special technology in supporting the strength inside, the components are also the standardization ones. The additional equipment can also be installed inside the chiller such as: double deck for separating pallets into 2 levels, jumbo box trailers to be installed on 2 axles and 3 axles chassis.

The company has already bought the technology of sandwich GRP from the French owner of such technology. At the present, CTV-TMT is the only manufacturer in Southeast Asia who can manufacturers GRP with the continuous length at the maximum of 15 meters. The truck installed GRP has many types such as: pick-up truck, six-wheeled truck, eight-wheeled truck, ten-wheeled truck, semi-trailer, trailer, and large fiber glass chiller truck.

### Sample pictures of the subsidiary company's products



## 2.6 The Marketing and Competition Strategy of the Subsidiary Company

### 2.6.1 The marketing

#### 1) Prooduct strategy (Product)

The subsidiary company emphasizes on the manufacture of quality and standard products responded to the customers' demands. The subsidiary company's products have the different qualifications with other manufacturers such as: the modernization, light-weighted, durable, and easy in repairing.

At the present, the subsidiary company is the only manufacturer in Southeast Asia who can manufacture sandwich GRP with the continuous length at the maximum of 15 meters.

## **2) Pricing strategy (Price)**

The subsidiary company quotes sale price by considering from price list as per model and specification in catalogue. Price in price list will be adjusted as the latest price referred to actual costs of production in each period. In case that the customers require for the installation of other special supplement of equipment, the price will be increased for such supplement equipment. The subsidiary company set the price as competitive price and corresponded to market situation.

## **3) Channel of distribution strategy (Place)**

The subsidiary company emphasizes on the three main channels of distribution as follows:

- 1) The direct sale: By implementing pro-active marketing strategy from sales team in reaching the customers directly.
- 2) Word of mouth from the subsidiary company's customers.
- 3) Word of mouth from the rickshaw distributors.

## **4) Promotional strategy (Promotional)**

The subsidiary company lends the significant of its public relation activities as follows:

- 1) To provide the friendly services for good relationship with the customers, especially for the after sale services such as: to advice on the usage and repair & maintenance.
- 2) To promote the products through trade fair exhibition such as: THAIFEX world of food Asia 2012 at The Impact Muang Thong Thani.

### **2.6.2 The target customers**

The subsidiary company's target customers are mostly the customers likely to the company's customers. Since the customers who purchase the products are mostly the entrepreneurs in the business of logistics requiring for the maintaining of quality. The subsidiary company's products are made as to the order from customers.

### **2.6.3 Industrial and Competition Situation**

#### **Industrial situation**

The subsidiary company's main products are the light-weighted fiber glass chiller for the truck, trailer/semi-trailer, which are the group of standard products of the company. Information about industrial situation can be considered from the information of the business group of container manufacturing for truck, and trailer/semi-trailer. In addition, most of the customers are the entrepreneurs of transportation and logistics group. So, the analysis of industrial situation of the subsidiary company will be divided into 2 industries which are the business of container manufacturing, and logistics business. (Details as per the information about industrial situation of logistics business, from the article 2.3 marketing and competition situation of the company page 1.2-9)

**The business manufacturing container for truck and trailer/semi-trailer.**

Table showing total marketing value of container for year 2012-2013

	Registration number of container truck Type 2 7,068 trucks in 2012			Registration number of container Truck Type2 7,068 trucks in 2013			Compare of change	
	Total	Dry	Cold	Total	Dry	Cold	Total	%
Number of container	7,068	6,008	1,060	9,117	7,750	1,367	2,049	29%
Portion as per Container type (%)	100 %	85 %	15 %	100 %	85 %	15 %		
Total marketing value (Million Baht)	2,226.40	1,802.40	424.00	2,929.27	2,371.5	557.77		

Source: Information from The Land Transportation Department, collected by the company.

There was the production of 9,117 containers in 2013 increased from 2,049 containers in 2012 or 29.00%. Total marketing value in 2012 was about 2,929.27 million baht, comprising of 7,750 dry containers in the amount of 2,371.50 million baht, and 1,367 cold containers in the amount of 557.77 million baht. The company's executive evaluates that the production of chiller will be grown each year continuously in the same direction with logistics business in Thailand. Since there are many supporting factors such as : the demand for the transportation service both domestic and global, the expansion of production base and distribution center to the rural area, the AEC free trade zone in field of logistics service.

**The Competition**

The subsidiary company's competitors comprising of:

The competitors	Country	Type of product
1. Lumberet Asia Co., Ltd.	Thailand	Manufacturing and installing of GRP
2. Rujolarn Co., Ltd.	Thailand	Manufacturing and installing of stainless steel Wall chiller
3. Carryboy Marketing Co., Ltd.	Thailand	Manufacturing and installing of GRP

**2.7 The Products and Services Procurement of the Subsidiary Company**
**The production**

The subsidiary company's production is made as to the order of its customers, by applying the modern technology in manufacturing sandwich GRP with the supplementation of metal structure combine with fiber glass.

The subsidiary company locates in Khonkaen, on the same site of the company. The subsidiary company has the modern machine and is under the expansion of production capacity for one additional production line. There are the planning and the effective production management in each of production process. The subsidiary company also lends to the significant of the inspection and quality control of its products as to the company.

The procedures of products procurement and production process of the subsidiary company are as same as that of the company. (Detail under section 2.4 the products and services procurement; the production page 1.2-15)



### The product procurement

The subsidiary company let the company do the domestic procurement. The subsidiary company has its own 1 employee in taking charge of foreign procurement. The subsidiary company's main raw material used in the production was purchased directly from most of the manufacturer and the distributor in the country. Anyway, the subsidiary company does not depend significantly on any vendor solely.

### The outsourcing

This is incurred under the case that there are the assembling and the installing of fiber glass chiller, bought from the subsidiary company, to be welded with the customer's truck chassis or of trailer, or trailer/semi-trailer; or purchases the finished truck with fiber glass chiller. The subsidiary will send job order request to the company for the assembling and installing.

### The environmental effect

The subsidiary company lends much significant to the effect caused by the production which may cause the smell pollution, dust, and chemical substance residue. The subsidiary company's procedures in prevent the environmental effect are as follows:

- (A) The smell pollution: The subsidiary company uses ventilator fan through water spray curtain.
- (B) The dust pollution: To be collected through water spray curtain and sent to the sub-contractor for destroying.
- (C) The chemical waste pollution : Collection companies and contractors to carry out the destruction.

## 2.8 Non-delivered Job (Back log)

The company and its subsidiary reported works under the production as at 31<sup>st</sup> December 2013 in total amount of 496.21 million baht, comprising of 472.78 million baht for the company, and 23.43 million baht for the subsidiary company. The details of customer with the value exceeding 10% are as follows:

NO	Contractor	Project	Date of Agreement	Delivery date as per contract	Contract amount	Balance as at 31 <sup>st</sup> December,2013
<b>Non-delivered job – The company:</b>						
1	The first customer	2 Axles Side Curtain Semi-Trailer	15/10/13	18/04/14	109.22	89.44
<b>Non-delivered job – The subsidiary company:</b>						
1	No customer with the value exceeding 10%					

### 3. The risks factor

The investor should carefully consider the risks factor including the details of other information appeared in this document, before making the decision to invest. The risks factor identified in this document may have negative impact to the company, and to the company's stock value. The risks factor appeared in this document are not all of the existent risks. There may be other risks that the company may not know, and there may be some risks being considered with no significant affect to the company at the present, but it may be, in the future, the risks with significant impact to the company's revenues, profits, assets, liquidity, sources of fund, and business opportunity. Then, the investor should use the judgment by carefully considering the information, and all of the risk factor (not restricted only to the risks mentioned in this document) which may affect to the company, before making decision to invest.

In addition, the passage in terms of: the expectation in the future, the estimation, the demand, or the intention, which appeared in this document for example: "has/have plan to", "would like", "expect that", "view that", "believe that", "estimate", "may be", or any word/passage in the same way, these are the words or passages which indicate to the situation that may happen in the future, with the uncertainty and the actual result may be differenced from the expectation.

#### 3.1 The risks in business operation

##### 1) The risk from the uncertainty of revenues

Since the company's core revenues derived from the original equipment manufacturing (OEM) (made to order), the company get the job directly from the hirer as the hiring contract to manufacture. So, the company has the risk incurred from the non-going concern revenues. The company's revenues may be decreased from the new order or new project in replacement of the production or project that had been delivered to the customers. In the meantime, the company still has the burden of regularly expenses or fixed costs like: personnel expenses, administration expenses, financial expenses. The company reported the contract revenues for 636.85 million baht, 625.66 million baht and 767.46 million baht in 2012 and 2013 respectively.

However, the company aware to the above mentioned risk, and has determined the plan in preventing such risk by applying the policy of budgeting management. The company prepares and sets the target, and annually budget. This enable for the company in acknowledging of income target, expenditure plan, and the expectation of annual profits. The accounting department collects all the information, and presents to the executive managements and the executive directors of the company, for the consideration of determining annually budget. It is also used, through all departments monthly meeting, in the monitoring and comparing to the monthly operation results. The results will, then, be collected and presented to monthly meeting of the executive committee. The information will be analyzed and planned by the executive managements for getting the job or bidding for new project in replacement of the production or job that has been finished and delivered. Then, the company can have the OED contract and project management in continuous, making the risk incurred from the non-going concern revenues to be reduced.

## 2) The Risk Reliance Industries Limited.

Since most of the company's revenues derived from the sales of special designed products especially for the ground support equipment ("GSE") such as: catering hi-loaders truck. In 2011-2013, the company reported revenues from GSE in the portion of 56.60%, 55.29%, and 43.28% from total contract revenues. The customers who purchase this product group are those in the industry of airline catering and aviation. So, the company faces the risk from depending on the industry in limitation level. In case that there is the problem in aviation industry concerning the drop in passenger number as significant, or the customers in the group of airline catering business have turned to purchase the competitor's products with the problem either of the quality of products, pricing, or quality of services, and the drop in purchasing of the company's products or not being sold to the customer. All of these risks must have the significant impact to the company's operation and financial position.

However, the company aware to the above mentioned risks. The company, simultaneously, has the confidence that the company will not be effected from such risk. The company lends to the significant of the policy in maintaining the products quality complied to international standard. The company also emphasizes on the quick after sales services, with effectiveness, and with the coverage to all areas in the region. The company also keeps good relationship with the customers in continuous. The company has the diversification of products in the group of special designed products, and standardized products. In addition, the company has expanded its business into the business of project managements, in order to increase the portion of other revenues, and to reduce the risk incurred from the depending on industry group with limitation level.

## 3.2 The Risk Concerning the Production

### 1) The risk from the fluctuation of the price of supplies, equipment, or components which are main materials.

The company may face the risk from the fluctuation of the price of supplies, equipment, or components which are main materials used in the production, especially for the group of special designed product. Some item of raw material must be purchased from abroad, and caused to the company of having risk from the fluctuation of price from many factors. In case that the price of supplies, equipment, or components has been changed in up trend, it will effect to the company's production costs to be increased. For the project that the company has not purchased or completed the purchase of the supplies, equipment, or components, it will affect to the company's operation profits, in case that the company is unable to increase selling price.

However, the company has the policy in preventing such risk by having the plan in purchasing of supplies, equipment, and components. The company also has the policy of buying forward contract for the foreign currency. The company determines the sales price under the policy of cost plus margin. Cost of raw material must be reviewed as value at the present before being used for the determination of sales price. The company has determined the reservation for supplies and equipment price as part of the sales price

computation, in case that supplies and equipment has not yet been purchased. The executives, then, view that the company is not affected much from such risk.

### **3.3 The Risk Concerning the Administration**

#### **1) The risk from the cancellation of purchase order or the termination of contract before maturity**

Since the company's products are the products which made to order, or the project management and services. There are the agreements of production or the agreements of project management. The company may has the risk incurred from the damage of the termination of the agreement of production or the agreement of project management before maturity.

However, the company aware to such risk, since it affects to the company's operation result, financial position, and the company's image, these are the key successes to the business operation. So, the company has the policy of having the customers open the irrevocable letter of credit for full amount after deducting the deposits. Furthermore, the company also lends the significant of maintaining the quality of products and services. The company's products must meet the designated standard. The products must be delivered within time frame as per the production contract. The company has never being asked for the cancellation of the contract before maturity.

### **3.4 The Financial Risk**

#### **1) The risk from foreign currency exchange**

Since the company has imported supplies, equipment, or components from abroad, and has exported its products to the foreign customers in many foreign currency. Then, the company has the risk incurred from foreign currency exchange.

However, the company aware to such risk, the company has determined the policy in preventing the risk from foreign currency exchange under the responsibility of the fund seeking department. The fund seeking department will calculate the money received under the contract in the time period as per the condition of the delivery, and calculate for the payment amount in purchasing of supplies, equipment, or components from abroad. Each currency exchange being determined at market price in that time. The buying or the selling of foreign currency will be made only at the bank that the company using service of forward contract facility. The company has determined in reviewing the policy in preventing risk from foreign currency exchange every year, at the time of preparing annual budget, or in case of the essential situation or emergency.

#### **2) The risk from delay in payment from the customers**

The company's products are made to order from the customers. The delivery of products and the receiving of payment are under the condition agreed as per the contract. So, the company has the risk incurred from the delay or the trouble of payment from the customers. This kind of risk will affect to the liquidity of the

company, since the company has the fixed expenditure which is monthly expenses, or the company must pay for supplies, equipment, or components.

However, the company aware to such risk, in order for the risk to be reduced, the company has determined plan in preventing the risk by having the policy in evaluating the potential of the customers or the contractors before getting orders or providing services. The customers have to pay in advanced the down payment at the rate of 20%-30% of total contract amounts. In case of OEM agreement, there is the requirement for the project owner to pay monthly fee or periodic payment in accordance with the completion of job. The finance department responsible for the summarization of the receiving of payment report. In case of overdue payment, the finance department will follow up for the payment, and inform to the related department and the executives immediately. The company has never found the delay in payment from the domestic and foreign customers in the business of airline catering.

### **3.5 The Risk Concerning the Investment of the Shareholders**

#### **1) The risk from having the major shareholder holding more than 50% of shares**

As from the latest date of closing the registration list of shareholders (27<sup>th</sup> December 2013), the group of Mr. Suradech Taweesaengsakulthai held in total of 454,575,700 shares or 63.13% of the company's total shares. So, it makes the group of Mr. Suradech Taweesaengsakulthai can control almost all of the resolutions in the shareholders meeting, for example: the resolution in appointing the director, the resolution in other subject required the majority votes in the shareholders meeting, except for the subject required by law or the company's regulations in having 3/4 of the shareholders' votes. So, the other shareholders are unable to collect the votes for check and balance of the matters being presented by major shareholders.

However, the company aware to such risk, the company has 3 independent directors, from the total of 7 directors of the company, who are the audit committee. All of the audit committee are the professional, knowledgeable, competent, well-known, and being accepted in the social. The audit committee performs the duties assigned by the company's directors, complied to the notification from SET subjected: "The qualification and the scope of the audit committee's operation B.E. 2551". The audit committee is the independent directors with the qualification in accordance with clause 16 of the notification No. TOR JOR 28/2551 from The Board of Capital Market Supervision. This is the way in supporting to the effectiveness and building check and balance. It also includes the building of transparency in the company's management. In addition, the company's board of directors also concern to the importance of good supervision and control by strictly and regularly practicing in compliance with the direction of code of conduct and best practice. So, the company has the confidence that the shareholders including the stakeholders will be treated with fairness and equitableness.

#### **2) The risk concerning the fault to the condition of credit facility**

Since a bank that offered credit facility to the company and its subsidiary, has determined in credit facility agreement in maintaining debt to equity ratio (D/E ratio) of not over than 3 times, and the ability to pay

debts (D-SCR) of not less than 1.2 times. The bank will consider from the consolidated financial statements in each accounting period.

The company and its subsidiary has the risk from the terminating of credit facility from the bank, if the company and its subsidiary fails to maintain the financial ratio as required. This has the effect to the company and its subsidiary in seeking the replace credit facility from other bank, or allocating of cash in hand for debts repayment.

As from the 2013 financial reports, the company has D/E ratio equal to 1.05 times, and D-SCR equal to 1.95 times, complied to the bank's requirement. Anyway, the company expects that, in the future, the company and its subsidiary can maintain the financial ratio designated by the bank, In case that the company's credit facility has been terminated, the company's operation will not be affected, since the company and its subsidiary also has net cash flow enough to repay the debts.

## 4. The Assets for the Business Operation

### 4.1 The assets for the business operation as at 31<sup>st</sup> December 2013

The assets item	Ownership	Usage	Book Value (Mill. Baht)	The obligation	Amount / pledged (Mill. Baht)
1. Properties and the improving					
1.1. Title deed No. 11622 Tambol MuangKao, Amphur Muang, Khonkaen. Land of 41-0-92.1 Rai	The company	Head office and plant of the company and its subsidiary	58.19	Pledged with Thai Military Bank PLC.	714.00
1.2. Title deed No. 39614, 50100 Tambol Muang Khonkaen. Land of 7-1-24 Rai	The company	Head office and plant of and its subsidiary	14.00	Pledged with Bank of Ayudhya	208.00
1.3. Title deed No. 4552 Tambol Phra Lub, Amphur Muang, Khonkaen. Land of 9-1-8.5 Rai	The company	Property for future project	59.34	Pledged with Thai Military Bank PLC.	26.00
1.4. Title deed No. 1-0646-50, 100659 Tambol Nai Muang, Amphur Muang, Khonkaen. Land of 0-1-0.89 Rai	The company	Property for the employees welfare	5.41	-none-	-none-
1.5. Title deed No. 73096 Tambol Koke Si, Amphur Muang, Khonkaen. Land of 7-1-67 Rai.	The subsidiary	Property for future project	17.53	Pledged with Bangkok Bank PLC.	16.00
<b>Total of properties and the improving</b>			<b>154.47</b>		
2. Buildings and the improving					
2.1. The building No. 265 Moo 4, Klang Muang Rd., Tambol Muang Kao, Amphur Muang Khonkaen, Khonkaen.(Title deed No.39614,50100,and11622)	The company	Head office & plant of the company and its subsidiary	117.36	Pledged with TMB BAY	714.00 208.00
2.2. Plant in Chonburi No. 66/5 Moo 1, Tambol Pong, Amphur Bang Lamung, Chonburi. (Title deed No. 47813, 49992, Land of 7-0-30 Rai The company subleases from the holder of the lease.)	The company	Chonburi Branch	8.29	-none-	-none-








The assets item	Ownership	Usage	Book Value (Mill. Baht)	The obligation	Amount / pledged (Mill. Baht)
2.3. The house No. 173/51-55 Tambol Nai Muang, Amphur Muang, Khonkaen.	The company	House for employees' Welfare	3.20	-none-	-none-
2.4. The house No. 5 (Baan Rim Nam) Tambol Koke Si, Amphur Muang, Khonkaen.	The subsidiary	Building for future project	11.93	Pledged with The Bangkok Bank PLC.	16.00
<b>Total of buildings and the improving</b>			<b>140.78</b>		
3. Machines and equipment/ Tools	The company & its subsidiary	Used in the office & plant	22.25	-none-	-none-
4. Furniture and office supplies		Used in the office & plant	4.02	-none-	-none-
5. Vehicles		Used in the office & plant	6.66	-none-	-none-
6. Assets under construction(plant under construction, Machines under installation)		Used in the office & plant	8.82	-none-	-none-
<b>Grand total</b>			<b>337.00</b>		

## 4.2 Intangible assets used in operating business

As at 31<sup>st</sup> December 2013, the company's intangible assets in the net amount of 26.22 million baht comprising of: computer software (program in accounting, procurement, documentary administration, products designing, production controlling), expenses waiting for the amortization (cost of expertise), and costs of patent waiting for the registration.

The company and its subsidiary has registered the company logo and the brand logo with the details as follows:

No	Logo	Owner ship	Detail
1		The company	Logo for the products manufactured under product specification of DOLL, or product specification developed in cooperation between the company and DOLL.
2			Logo for the products manufactured under product specification designed and developed by the company.
3			Logo for the products manufactured under product specification designed and developed by the company.
4			Logo for the products manufactured under product specification designed and developed by the company.
5		The subsidiary company	Logo for the products of Cho Thavee Thermotech Co., Ltd. (The subsidiary company)

Remark: - No. 3,5 are under the process of the registration of logo.

The company has registered the sub-patent for the products accepted from The department of Intellectual Property for 11 items. Details are as follows:

No	Products received patent/sub-patent	Date of received	Expiry date
1	Mechanism for open-close side wall of truck	03/09/2010	24/08/2014
2	Set of increasing the horizontal length with adjust of levers	18/01/2011	19/07/2016
3	Set of the attachment of supplement lever	18/01/2011	07/07/2016
4	Set of rope ladder for getting the truck's roof	28/03/2011	19/07/2016
5	Set of ladder for getting the van's roof	28/03/2011	19/07/2016
6	The ladder for getting on-off the truck	26/12/2011	21/09/2017
7	Equipment for the protection of the truck's side	12/09/2013	19/10/2017

8	The roof structure of the bridge to be berthed to Airplane for hi-loaders catering	04/01/2013	19/10/2017
9	The structure of the supported legs of Hi-loaders catering	04/01/2013	19/10/2017
10	Set of extending the length of chassis bottom	04/01/2013	19/10/2017
11	Equipment for defining the position of laying cargo	19/07/2013	19/10/2017

*Remark: As at 31<sup>st</sup> December 2013, there were 86 items of sub-patent and/or patent under the registration*

### 4.3 Contracts dealing with the assets

#### 4.3.1 Contract for building rental

The company has signed the contract for building rental with Ms. Rungtiwa Taweesaengsakulthai (The related person with the shareholder and the company director), for being the branch office in Bangkok, Details of the contract are as follows:

##### **Contract for the rental of Laksi office building**

Address : 96/25 Vibhawadeerangsit rd., Talad Bangkhen, Laksi district, Bangkok 10210.

Contractor : Ms. Rungtiwa Taweesaengsakulthai

Area : 2,894 square meters

Rental fee : 100,000.00 Baht/month (The lessee will pay to the lessor one time at the maturity)

Duration : 3 years (1<sup>st</sup> November 2013 – 31<sup>st</sup> October 2016)

#### 4.3.2 Contract for land rental

The company has signed the contract for land rental with Mr. Torsak Lohpaisarnkrish (The holder of the right for rental in 10 years period from the land lord), for being Chonburi branch office. Details of the contract are as follows:

##### **The contract to sublease the land in Chonburi**

Location : Title deed No. 49992 address: 77 Tambol Pong, Amphur Banglamung, Chonburi 20150.  
Title deed No. 47813 address: 1 Tambol Pong, Amphur Banglamung, Chonburi 20150.

Contractor : Mr. Torsak Lohpaisarnkrish

Land area : 7-0-30 rai

Rental fee : 300,000.00 Baht/year

Duration : 3 years (15<sup>th</sup> February 2011 – 14<sup>th</sup> February 2014) and 3 years contract renew.

The company has signed the contract for Land and building rental with Ms.Pin Boonchuay for being the truck repair center, details of the contract are as follows:

##### **Contract for rent the land in Phra Nakorn Sri Ayudhya**

Location : Title deed No. 16586 address: 166 Tambol Lam Sai, Amphur Wangnoi (the palace) Phra Nakorn Sri Ayudhya 13170.

Contractor : Ms. Pin Boonchuay

Land area : 8 rai

Rental fee : 220,000.00 Baht/year

Duration : 3 years (15<sup>th</sup> December 2012 – 15<sup>th</sup> December 2015)

#### 4.3.3 The contract to let the buildings

The company has signed the contract to rent the building area to Cho Thavee Thermotech Co., Ltd. (the subsidiary company) comprising of: the building area of head office for being head office of the subsidiary company, and building area of the second floor of Bangkok branch office for being branch office of the subsidiary company. The company has also signed the contract to let the building area to Khon kaen Cho Thavee (1993) Co., Ltd. (the company which has relationship with the shareholder and the director of the company) comprising of: the building area of head office for being head office of such company. The details of these three contracts are as follows:

##### **The contract to rent the plant area**

Location	: Title deed No. 11622 land No. 39 surveying 4968 Tambol Muang Kao, Amphur Muang Khonkaen, Khonkaen 40000
Contractor	: Cho Thavee Thermotech Co., Ltd.
Rental area	: Some part of the east of title deed, with the area of 720 square meters(The width of 15 meters x the length of 28 meters)
Rental fee	: 200,000.00 Baht/month
Duration	: 3 years (1 <sup>st</sup> November 2011 – 31 <sup>st</sup> October 2014)

##### **The contract to let the second floor of the office building area**

Location	: 96/25 Moo 3, Vibhawadeerangsit road, Talad Bangkhen, Laksi district, Bangkok 10210
Contractor	: Cho Thavee Thermotech Co., Ltd.
Rental fee	: 20,000.00 Baht/month
Duration	: 3 years (1 <sup>st</sup> January 2012 – 31 <sup>st</sup> December 2014)

##### **The contract to let the office building area**

Location	: 265 Moo 4, Klang Muang road, Tambol Muang Kao, Amphur Muang Khonkaen, Khonkaen 40000
Contractor	: Khon kaen Cho Thavee (1993) Co., Ltd.
Rental fee	: 30,000.00 Baht/month (payment for one time within the maturity month)
Duration	: 1 year (1 <sup>st</sup> January 2013 – 31 <sup>st</sup> December 2014)

#### 4.3.4 Insurance policy

Contractor	: Navakit Insurance Public Company Limited
Insurance policy No	: F1QJSC-001-000 (KKD-FFPC-13)
Type of insurance policy	: Fire insurance
The assets insured	: 265 Moo 4, Klang Muang road, Tambol Nai Muang, Amphur Muang, Khonkaen 40000
Duration	: 1 year (12 <sup>th</sup> June 2013 – 12 <sup>th</sup> June 2014)
The amount insured	: 74,300,000.00 Baht
The beneficiary	: Cho Thavee Dollasien Public Company Limited

#### 4.4 The investment in the subsidiary company and the related company

As at 31<sup>st</sup> December 2013, the company reported the investment in the subsidiary company in total amount of 22.60 million baht, or 2.36% of total assets as per the company's financial statements. The detail as follow:

Company	Paid-up capital (Million Baht)	Investment portion (%)	Value of investment (Million Baht)
CTV-TMT	20.00	99.99%	22.60
Total value of investment			22.60

##### The investment policy in the subsidiary company

The investment policy of the company is that: to consider to the business expansion in order to increase the potential of getting the job, by investing with the business alliance who has long relationship with the company or well-known, in order to establish joint venture business or consortium business. In case of getting the job or bidding for the large project, the company will take into consideration the following factors: the readiness of human resources and team work, the profitability ratio must be complied with the designated policy, together with the consideration of the reliable business alliance for the following factors: the quality of product, financial position, the executive's reliability, in order for the protection of the risks from joint venture that may occur in the future.

As for the investment in the subsidiary company, the company carefully consider to the factors of: the return from investment, risk factor, and the company's financial liquidity. The company considers to the investment in subsidiary company with the potential in supporting and beneficial to its business operation. Each of the investment must be considered by the company's board of directors and the shareholders' meeting, complied to the scope of designated authorization. The company has the policy in promoting its directors and/or the executives to be the majority directors in the subsidiary company, in order to control the direction and major administration policy of the subsidiary company.

## 5. Legal disputes

As at December 31, 2013 Cho Thavee Dollasien Public Company Limited and Sub Company without any legal disputes that may continue to affect the assets of the Company. With a value of more than 5% of the equity share. The financial statements for the fiscal years ended December 31, 2013 significantly.

## 6. General information and other significant information

### 6.1 General information

<b>The company issuing stocks</b>	: Cho Thavee Dollasien Public Company Limited
Symbol	: CHO (registered in The Stock Exchange of Thailand)
The company's registration number	: 0107556000027
Authorized Capital	: 270 million baht (Two hundred and seventy million baht)
Paid-up Capital	: 180 million Shares (One hundred and eighty million baht)
Par value	: Common Stock 0.25 Baht
Preferred Stock	: -None-
Telephone Number	: 043-341-412-18
Facsimile Number	: 043-341-410-11
<b>Location of branch office 1</b> (Bangkok)	: 96/25 Vibhawadee Rangsit road, Talad Bangkhen, Laksi district, Bangkok 10210. Telephone No. 0-2973-4382-4 Fax No. 0-2973-4385
<b>Location of branch office 2</b> (Chonburi)	: 66/5 Moo 2, Tambol Pong, Amphur Banglamung, Chonburi. Telephone No. 038-227-378 Fax No. 038-227-378
<b>Location of branch office 3</b> (Ayutthaya)	: 62 Moo 2, Tambol Lamsai, Amphur Wangnoi, Ayudhya 13170. Telephone No. 035-257085 Fax No. 035-257086
Website (URL)	: www.ctvdoll.co.th
<b>The Subsidiary Company</b>	: Cho Thavee Thermotech Co., Ltd.
The company registration number	: 0405548000302
Business characteristic	: Do the business of designing, manufacturing, assembling, and Installing of light-weighted fiberglass fresh box for truck.
Head office and the plant location	: 265 Moo 4 Klang Muang Road, Muangkhaio, Muang Khon Kaen, Khon kaen, 40000
Telephone Number	: 043-341-210-12
Facsimile Number	: 043-341-242
<b>The Registrar of Stocks</b>	: Thailand Securities Depository Company Limited ("TSD")
Location of the office	: 4th and 7th Floors, 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110
Telephone Number	: 02-2292800
Facsimile Number	: 02-6545427
Website (URL)	: www.tsd.co.th
<b>The auditor company</b>	: M.R. & ASSOCIATES CO., LTD.
The company registration number	: 0105547036136
The auditor	: Mr. Pisit Chiwaruangroch Registration No. 2803 Mr. Mathee Ratanasrimetha Registration No. 3425 Mr.Korramann Jaturapornprom Registration No. 6210
Location of the office	: Suite # 705-706 Chaophya Tower (Shangri-La Hotel) 89 Soi Wat Suan Plu, New Road Bangkok, Bangkok 10500 Thailand
Telephone Number	: 02-6307500
Facsimile Number	: 02-6307506

## 6.2 Other Significant Information

### 6.2.1 Research and Development

The company lends the significant to research and development especially in the development of technology and quality of products with the variety and modernization model satisfied to the customers' demand. The company also develops for the rapid and much more precise of production process. The company applies the computerized system and information system in the operation in accordance with each step of plan, starting from the drafting until the delivery of products to the customers, including the providing of advices and the repairing with remote service. So, even the company's products are used outside the country, they can be repaired and maintenance by the company's specialist directly.

The company shall focus on the development of designing various model of body properly to the special type of transportation required by the customers, and to the chassis of truck, trailer/semi-trailer. The company also develops the technology and engineering systems for the products to be conveniently used, with the strength and durability, to be able to load as much as the heaviest weights, easy to be controlled for the fluently of transportation in every road condition, to be properly and durably for the usage in every kind of weather condition of every country.

The company never stops doing research and development of products or engineering system works. The company's research and development team has continuously designed new model of products, and developed technologies. All of the designed and innovated products will be registered with The Department of Intellectual Property. The company has developed many items of sub-patent such as: mechanism in opening-closing side of the truck's wall, set of attaching the supplemented lever, set of enlarging the length of adjustable across lever, set of rope ladder to truck's roof, set of ladder to the van's roof, set of the vehicle's ladder. In addition, there are the innovation of new products for more than 100 items under the registration process for sub-patent or innovation patent/patent in designing products from Department of Intellectual Property.

The company, in cooperation with The Bureau of National Innovation (public company organization) (The Ministry of Science and Technology), has done the research and development of catering hi-loaders for airbus A380 which is the world largest airplane at the present. The structure of catering hi-loaders for airbus A380 has been designed in the model of fabricate X-frame, by using high-tensile grade material which is strong and has light weight, enable for the adjusting of the structure's height level up to the maximum of 9 meters. There is also the adaptation of automatic controlling system for controlling the stability and the direction in fleeting of the catering in 6 directions, in order to facilitating and reducing the operation time. The company has been supported from The Bureau of National Innovation (public company organization) for the expenses in doing research and development.

The company has developed the quicker production process, making the time in production to be reduced, this came from the team of engineering department and production department in doing the research, planning, preparing, and defining the step of work in much more systematic, including the alternating production process as appropriated, and help in reducing overall production process time. The company can maintain the manufacturing standard, the inspection and quality control according to the basis of international standard certified i.e. ISO 9001, CE mark, IATA.



Beside to the significant of research and development in products and production process, the company also lends the significant to personnel development in order to increase the potential and the effectiveness of human resources in each department. The company has handled in regular the course of training for human resources both inside the company and outside the company from the professional or leading institutions.

Table of the research and development expenses in 2011-2013

(unit: million baht)

Item	2011	2012	2013
The research and development expenses	0.10	1.68	1.76
<b>Total</b>	<b>0.10</b>	<b>1.68</b>	<b>1.76</b>

## 6.2.2 Projects in the future

The company has projects in the future coping with the plan to expand the revenues of the company and the subsidiary company to grow in continuous in the future as follows:

Project	Business alliance	Amount of investment (approximate)	Duration of project
<u>Future of the company</u>			
1.) The manufacturing & selling of Airport's cart	HANAOKA SHARYO	5 million baht	2014 - 2016
2.) R&D of Automation System	All Information Technology		
2.1 Robot assistant in factory		15-20 million baht	2012 - 2015
2.2 Robot slitting rubber & collect rubber liquid		20 million baht	2012 - 2016
<u>Future of the subsidiary company</u>			
1.) Building of plant for producing PU foam (PU Foam)	---	30 million baht	2014 - 2015

### Future of the company

1.As at 30<sup>th</sup> May 2012, the company signed in coordination with Hanaoka Sharyo Co., Ltd. ("HS") from Japan, the manufacturer of product used in airport such as: DOLLY cart, baggage fleeting truck in the airport, for the manufacturing of products under co-brand, and the clearly allocated of sales spaces. At the present, both companies are under the process of studying and providing the knowledge of product description to the staff.

The company expects that it will allocate part of the spaces in the plant for the manufacturing the product of HS. The company will invest in installing of production system in approximate of 2-3 million baht, and expect for the revenues realization about mid- year in 2013. The company has divided the contract into 3 types as follows:

Contract	Designed by	Manufacturer	Distributor
Type 1	HS	CTV-Doll	HS
Type 2	coordination	CTV-Doll	coordination <sup>/1</sup>
Type 3	CTV-Doll	CTV-Doll	HS

Remark: /1 = Allocation of sales area as per the existing sales area of each company. In case of the expansion of the area, there must be the agreement as profit sharing

The company has been approved from BOI in promoting investment for the production of container dolly which is the product under the coordination of marketing with HS.

2. Research and development of automation system which is under the system and R&D of prototype such as:

- 2.1 Robot assistant in the factory: the company has signed consulting agreement for R&D project of robot prototype on 1<sup>st</sup> November 2012. It takes 18 months for the operation with the outcome as robot prototype, and being tested 2 years in the line of company product until the production of product, and being sold. The company expects that it will start the production as commercial within 2016. The main objective of the development of robot assistant in the factory is to coordinate in developing of production system in reaching the adoption of modern technology with economical costs, the increasing of production capacity, and value added to the customers' products. The company shall design the robot as simplicity and focus on the SMEs customers.
- 2.2 Robot slitting rubber and collecting rubber liquid: The company stop this project for use all of resource to do the robot assistant in the factory first. The company expects to continuous for R&D of prototype in 2016. The main objective of R&D is to accommodate to the agriculturist.

#### Future projects of the subsidiary company

1. Building of plant in producing PU foam which helps in reducing of costs in approximate of 30%-40%. The investment expected in 2014

#### Projects in the process of presentation or bidding

Project	Business alliance	Project value (approximate)	Duration of project (expectation)
1.) Project in repair & maintenance of Vehicle for defensive industry within country	BAE SYSTEMS <sup>/1</sup>	100 million baht/year	2014
2.) Project in manufacturing of over 30-seated NGV bus <sup>/2</sup>	---	2,200 million baht	2014-2015

Remarks:

/1 = BAE systems is the world second big manufacturer of products for the country's defense, from United Kingdom (at the present, the company has passed the due diligence from BAE systems, and under the negotiation about the detail of business alliance)

/2 = The company has granted of investment promotion from BOI since 22<sup>nd</sup> November 2010 until 6<sup>th</sup> November 2013. The company has production capacity in manufacturing of NGV bus about 1,000 units/year (computed from working time of 16 hours/day : 1 year = 360 days)

## Part 2

### Management and corporate governance

#### 7. Securities and Shareholder Information

##### 7.1 Securities

The Company with authorized capital 270.00 million baht (Two hundred seventy million baht) divided to common stock 1,080 million shares at the par value of 0.25 baht (Twenty-five stang) with paid-up capital 180.00 million baht (One hundred eighty million baht) divided to common stock 720.00 million share at the par value of 0.25 baht (Twenty-five stang), therefore the balance capital as 90 million baht for support the exercise of the right to conversion of the common stock share warrants, phase 1. (See the detail on no. 7.3.1, page 2.7-2)

Company has registered in the Market for Alternative Investment (MAI) trading commencement on May 13, 2013.

##### 7.2 Shareholders

List of company Shareholder December 27, 2013 as follow:

Rank	Major Shareholder	Shares	% Shares
1.	Group of Mr. Suradech Taweesaengsakulthai	368,107,200	51.13
	1.1 Mr. Suradech Taweesaengsakulthai	326,507,200	45.35
	1.2 Mrs. Wadsana Taweesaengsakulthai	41,600,000	5.78
2.	PTLT Intertrade L.L.C. <sup>/1</sup>	26,000,000	3.61
3.	Mr. Surapol Thaveesangkulthai	22,360,000	3.10
4.	Ms. Asana Taweesaengsakulthai	20,167,600	2.80
5.	Thai NVDR Company Limited.	17,312,900	2.41
6.	Mr. Puttipat Vejvarut	17,288,900	2.40
7.	Ms. Rungtiwa Taweeseangsakulthai	15,600,000	2.16
8.	Mr. Peerajet Suwannapasri	9,670,000	1.34
9.	Group of DOLL <sup>/2</sup>	9,460,000	1.32
	9.1 DOLL FAHRZEUGBAU AG	4,730,000	0.66
	9.2 KALSTAR (S) PTE LTD	4,730,000	0.66
10.	Mr. Piyapong Ratanasampan	7,730,400	1.07
Total major Shareholder for top 10		513,697,000	71.34

Remarks : /1 = PTLT Intertrade L.L.C. is the company in USA

/2 = Group of DOLL Fahrzeugbau AG which consist DOLL Fahrzeugbau AG in Germany and KALSTAR (S) PTE LTD in Singapore.

### 7.3 Issuance of other Securities

#### 1. Information relating to the issuance and allocation of the warrants to conversion of common stock share

<u>Type of Securities</u>	: Warrants for rights to purchase ordinary shares of Cho Thavee Dollasien Public Company Limited, Phase 1 ("Warrant" or "CHO-W1")
<u>Type of Warrants</u>	: Namely and transferable
<u>Listing Date</u>	: As of November 20, 2013 (Trading commencement on November 20, 2013)
<u>Secondary Market</u>	: The Market for Alternative Investment (MAI)
<u>Number of Issuing Warrants</u>	: 360,000,000 units
<u>Offering Price</u>	: 0.00 THB (zero THB) Offer to the existing shareholder by the ratio of 2 existing ordinary share per 1 units of the warrant for free.
<u>Number of offering securities</u>	: 359,899,980 units
<u>Underlying Shares</u>	: 359,899,980 shares (par value THB 0.25 each)
<u>Distribution of Warrants</u>	: As of October 28, 2013
<u>Term of Warrants</u>	: 3 years from the date of issuance and offering of Warrants
<u>Date of Maturity</u>	: On October 27, 2016, Last Exercise Date is on October 27, 2016 and warrants will be delisted on the next day.)
<u>Rights of Warrants</u>	: <u>Exercise Ratio</u> 1 unit of warrant has the right to purchase 1 unit of ordinary share <u>Exercise Price</u> THB 0.50 (Fifty Satang) per one unit of newly issued ordinary share Exercise ratio and exercise price subject to change as per right adjustment conditions (Please see the detail of terms and duties of right at Company website or SET. website)
<u>Term of Exercise</u>	: First exercise date on December 30, 2014 and next exercise date on the last working day of quarter, until the last exercise date on October 27, 2016

#### 2. Details of the allocation of the warrants

	Thai Investors		Foreign Investors		Total
	Juristic person	Individuals	Juristic person	Individuals	
Number of warrant holders	4	3,242	4	2	3,252
Number of allocation warrants	2,097,800	339,782,580	17,854,500	165,100	359,899,980
% of number of allocation warrants	0.58%	94.41%	4.96%	0.05%	100.00%

Remark : Information of warrants as of allocation October 28, 2013

## 7.4 Dividend Policy & Payment

The Company has the policy to pay dividend each year at the rate of not less than 40% of the net profit deduction of all types of reserved fund as required in the Company's Articles of Association and as required by law. If unnecessary, the payment of such dividend shall not significantly effect the Company's normal business operation.

Nevertheless, the dividend payment policy may change, depending on investment plan, necessity, and other suitable factors in the future based on condition that the operation must yield highest benefit to shareholders, such as use the money as investment fund to expand Company's business, as reserve for loan repayment. or there may be change of market condition which may adversely affect the Company's future cash flow. The Company's Board of Directors shall be empowered to consider the option. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting. Exemption is on interim dividend payment which the Company's Board of Directors shall be authorized to make decision and report the decision at the next shareholders' meeting

### Dividend Payment Historical Compared to net profit (Separate financial statements) year 2011-2013

Detail	Year 2011	Year 2012	Year 2013
Net Profit (Loss) (Separate financial statements) (million baht )	20.06	13.74	30.34 <sup>/2</sup>
Dividend Payment (million baht )	0.00	0.00	10.80 <sup>/3</sup>
Dividend rate <sup>/1</sup> (%)	0.00%	0.00%	35.60% <sup>/4</sup>

Remarks :/1 = Dividend rate = Dividend Payment / net profit before deduct deficit and legal reserve as of December 31, 2012

the Company has an accumulated deficit balance remaining 22.50 million Baht (Separate financial statements)

/2 = Net profit (Separate financial statements) deduct deficit and legal reserve in accounting balance of 10.94 million baht

/3 = Divident payment in 2013 result from The Board, will effect when the 2014 AGM on April 9, 2014 approved.

/4 = The appropriated for dividend payment equal to 10.94 million baht compare to divident payment rete of 98.72%

## 8. The Managerial Structure

The company's managerial structure comprises of three committees which are: The Board of Directors, The Audit Committee, and The Executive Committee, with the details as follows:

### 8.1 The Committee

#### 8.1.1 The Board of Directors

As at 31<sup>st</sup> December 2013, the company has seven directors comprising of:

Name	Position	Number of meeting Board of Directors	Numbers of the attendance Board of Directors
1. Ms. Phenphimol Vejvarut	Chairman	8	8
2. Mr. Suradech Taweesaengsakulthai	Director	8	8
3. Ms. Asana Taweesaengsakulthai	Director	8	4
4. Mr. Siriwat Taveesangskulthai	Director	8	6
5. Mr. Anusorn Tamajai	Independent Director/ Audit Committee Chairman	8	8
6. Mr. Asa Prateepasen	Independent Director / Audit Committee	8	8
7. Mr. Chatchawan Triamvicharnkul	Independent Director / Audit Committee	8	6 <sup>/1</sup>

Remark: Details of The Directors and The Managements appeared in attachment 1

/1 = Mr.Chatchawan Triamvicharnkul take place on Independent Director/Audit Committee by the resign of Independent Director/Audit Committee

With Miss Yinghathai Ponphangnga is the company's secretary

The authorized persons with the signature on behalf of the company: Mr. Suradech Taweesaengsakulthai signs with Ms. Asana Taweesaengsakulthai, and affixed with the company's seal.

The limitation of the directors' authority : none

#### 8.1.2 The Audit Committee

As at 31<sup>st</sup> December 2013, the company's audit committee has 3 persons which comprising of:

Name	Position
1. Mr. Anusorn Tamajai	Chairman of the audit committee
2. Mr. Asa Prateepasen	The audit committee
3. Mr.Chatchawan Triamvicharnkul	The audit committee

Remarks : The audit committee with the knowledge and has experiences in reviewing the reliability of the financial statements, is Mr. Chatchawan Triamvicharnkul, who graduated with The Certificate in Higher Diploma in Auditing (Accounting Examination) Chulalongkorn University, and Bachelor's degree in Business Administration (Accounting) from Ramkhamhaeng University.

With Mrs. Apsorn Suriyar is the secretary to the audit committee

### 8.1.3 The Executive Committee

As at 31<sup>st</sup> December 2013, the company's executive Committee has 10 persons comprising of:

Name	Position
1. Mr. Suradech Taweesaengsakulthai	Chairman
2. Ms. Asana Taweesaengsakulthai	The Executive Director
3. Mr. Siriwat Taweesaengsakulthai	The Executive Director
4. Ms. Somnuk Sangin	The Executive Director
5. Mr. Prasobsuk Boonkwan	The Executive Director
6. Mr. Sven Markus Gaber	The Executive Director
7. Ms. Pattarin Anukunananchai	The Executive Director
8. Mr. Nopparat Sangsawang	The Executive Director
9. Mr. Apichai Chumsri	The Executive Director
10. Mr. Nirut Sumongkol	The Executive Director

## 8.2 The Management

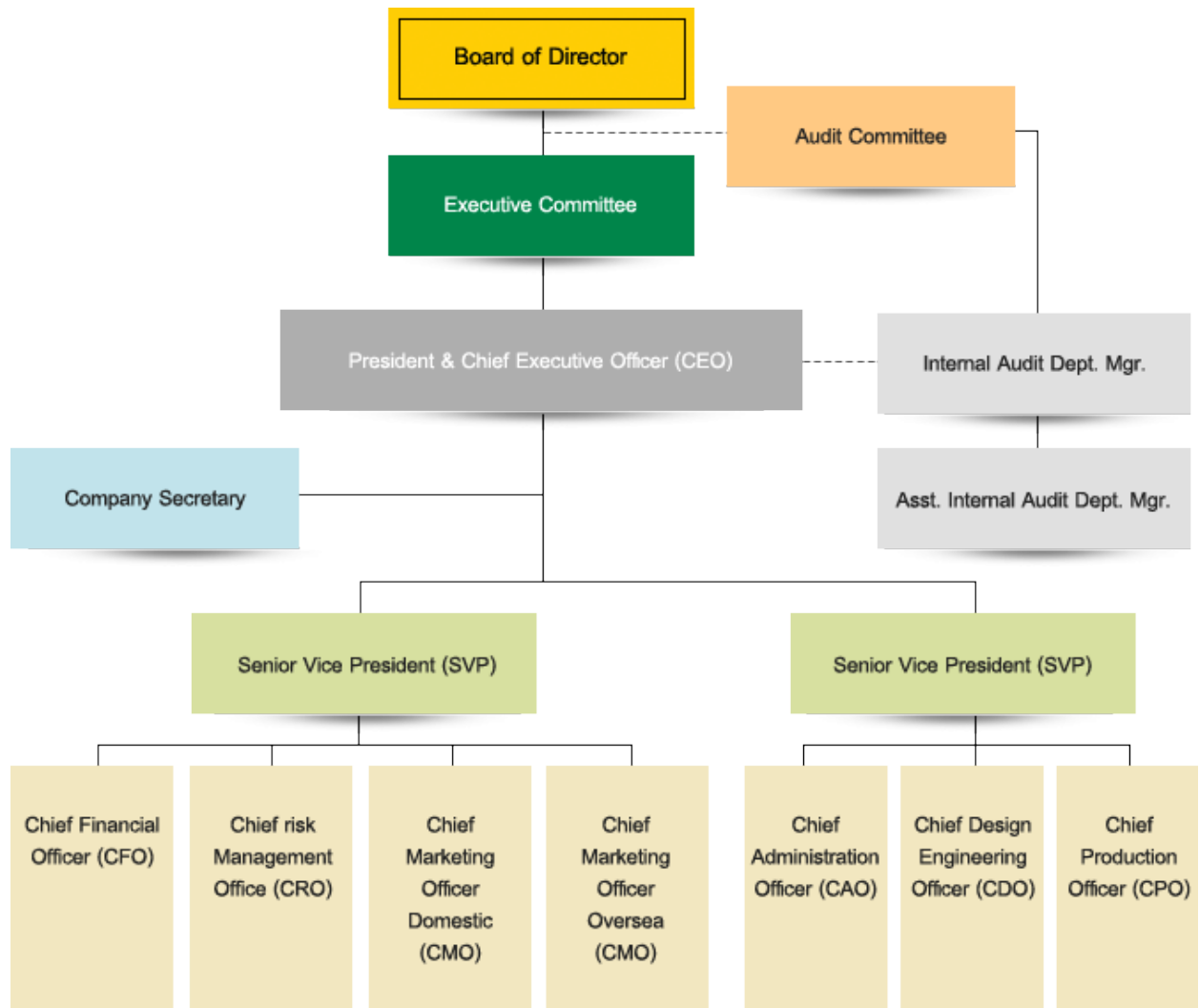
### The company's Management

As at 31<sup>st</sup> December 2013, the company has 10 managements comprising of:

Name	Position
1. Mr. Suradech Taweesaengsakulthai	President and Chief Executive Officer
2. Ms. Asana Taweesaengsakulthai	Senior Vice President
3. Ms. Rungtiwa Taweesaengsakulthai	Senior Vice President
4. Ms. Somnuk Sangin	Chief Financial Officer
5. Mr. Prasobsuk Boonkwan	Chief Marketing Officer Domestic
6. Mr. Sven Markus Gaber	Chief Marketing Officer Oversea
7. Ms. Pattarin Anukunananchai	Chief Administration Officer
8. Mr. Nopparat Sangsawang	Chief Production Officer
9. Mr. Apichai Chumsri	Chief Risk Management Office
10. Mr. Nirut Sumongkol	Chief Design Engineering Officer

Remarks : Details of The Managements appeared in attachment 1

The company's managerial structure as at 31<sup>st</sup> December 2013



### 8.3 The company's secretary

The company's Board of Directors has resolved to appoint Ms. Yinghathai Bonpangnga to be the company's secretary. The company's secretary performs the duties of arranging for the meeting of The Board of Directors, and The Shareholders' meeting, including the preparation of the minutes of the board of directors' meeting, the shareholders' meeting, annual reports, and keeping all the documents legally designated. The company's secretary, appointed by the board of directors, is the right person with the knowledge and competency in managing the company's secretarial works.

### 8.4 Remunerations of the company's directors and managements

On 15<sup>th</sup> March 2013, the Annual General Meeting of shareholders has resolved in approving the remunerations to the company's committee including the appointing committee in the future as the Committee Considering of the risks, the remunerations committee for the year as follows:



#### 8.4.1 Monetary remunerations

a) The remunerations for the company's directors and the audit committee

On 15<sup>th</sup> March 2013, the annual general meeting of shareholders has resolved in approving the remunerations to the company's directors and the audit committee for the year of 2013 as follows:

- ❖ The meeting remuneration of not over than 1 million baht comprising of:
  - Chairperson and Audit Committee Chairman 1 2,500 baht / meeting
  - Director and Audit Committee 10,000 baht / meeting
- ❖ The monthly remuneration for the audit committee, starting from March 2013, as follows:
  - Audit Committee Chairman 1 2,500 baht/ month/person
  - Audit Committee 10,000 baht/month/person
- ❖ The annually remuneration (bonus) of not over than 1% of net profits after deducting legal reserved and others. Bonus for the company's directors for the year 2013 not over than 4 million baht, the chairman of the company is authorized in determining the allocation of bonus to each director.

Statistical data of the company's directors attending the meeting in 2011-2013

List of director	2011	2012		2013	
	The company's Director	The company's Director	Audit Committee	The company's Director	Audit Committee
1. Ms. Phenphimol Vejvarut	--	--	--	8/8	--
2. Mr. Suradech Taweesaengsakulthai	7/7	12/12	--	8/8	--
3. Ms. Asana Taweesaengsakulthai	7/7	12/12	--	4/8	--
4. Mr. Siriwat Taveesangkulthai	--	1/12	--	6/8	--
5. Mr. Anusorn Tamajai	--	0/12	0/1	8/8	8/8
6. Mr. Asa Prateepasen	--	1/12	1/1	8/8	8/8
7. Mr. Chatchawan Triamvicharnkul	--	--	--	6/8	8/8

Remark: 1) From the extraordinary meeting of shareholders No. 1/2013 on 28<sup>th</sup> September 2013, has resolved in appointing 5 additional directors, 2 of these new directors were in the position of the executive directors, and the other 3 were in the position of the audit committee. From the meeting of the company's directors No. 2/2013 on 27<sup>th</sup> February 2013, has resolved in appointing Mr. Chatchawan Triamvicharnkul being the independent director and the audit committee in replaced of the resigned independent director and the audit committee.

2) Three independent directors and the audit committee have attended the meeting of the audit committee No. 1/2013 on 5<sup>th</sup> March 2013.

3) On June 10, 2013 director Resignation 1 person, effect remaining directors 7 person

4) Ms. Phenplimol Vejvarut has appointed to be the chairman from The Board meeting No. 12/2555 on 14 November 2012

b) Remunerations for the sub-committee

- ❖ Meeting remuneration: (excluding the one who is in the position of executive management)
  - Chairman of the sub-committee 10,000 baht /meeting
  - Member of the sub-committee 8,000 baht /meeting

### Summary of the remunerations for the company's directors in 2011-2013

List of the director	2011		2012			2013		
	The company's Director	Audit Committee	The company's Director	Audit Committee	Total	The company's Director	Audit Committee	Total
1. Ms. Phenphimol Vejvarut	--	--	--	--	--	80,000	--	80,000
2. Mr. Suradech Taweesaengsakulthai	--	--	10,000	--	10,000	70,000	--	70,000
3. Ms. Asana Taweesaengsakulthai	--	--	10,000	--	10,000	40,000	--	40,000
4. Mr. Siriwat Taveesangkulthai	--	--	10,000	--	10,000	50,000	--	50,000
5. Mr. Anusorn Tamajai	--	--	--	--	--	72,500	210,000	282,500
6. Mr. Asa Prateepasen	--	--	10,000	--	10,000	70,000	170,000	240,000
7. Mr. Chatchawan Triamvicharnkul	--	--	--	--	--	60,000	170,000	230,000

Remark: From the extraordinary meeting of shareholders No. 4/2012 on 24<sup>th</sup> December 2012, has resolved in approving the determination of the meeting remunerations for the company's director in the amount of 10,000.00 baht/meeting/person, the first payment of the meeting remuneration was on 14<sup>th</sup> November 2012.

#### c) The remunerations for the executive managements

The remunerations for the executive managements are in the form of salary, bonus, and other welfare and fringe benefits such as: the provident funds, the savings in the cooperative, the benefits from the resignation, excluding the meeting remunerations:

Remuneration for the Executive Committee	2011		2012		2013	
	persons	million baht	persons	million baht	persons	million baht
Salary	7	4.76	8	7.77	10	8.64
Bonus	7	0.26	8	0.51	10	0.53
Welfare and fringe benefits(the provident funds, the savings in the cooperative, the benefits from The resignation)	7	0.04		0.92	10	0.77
<b>Total</b>		<b>5.06</b>		<b>9.20</b>	<b>10</b>	<b>9.94</b>

Remark : - The company has established the provident funds on 28<sup>th</sup> November 2012

- The company has established the savings cooperative since 2004
- The company has the expenses in estimating of debts incurred from the employees' benefits after the resignation complied to the principle of insurance mathematics since 2012, the estimation was made by the independent mathematician. There was one retired management, but is still working.
- The company has appoint 2 Executive Committee from the Executive Committee meeting No. 6/2012 On 4 June 2013

#### 8.4.2 Other remunerations

##### (A) Other Remuneration Committee

- None –

## (B) Other Remuneration Sub - Committee

- None –

## (C) Other Remuneration of executive

- The fund The company has established a fund on November 26, 2012, the Company has joined ratio 2.00% of Salary in 2013, the company has contributed funds for the management 10 person, totaling Baht (data shown in the table, executive compensation).
- Contribution Saving The company has provided the cooperative's assets. To employees since 2004, joined the company in the ratio 0.83% of payroll in 2013, the company has contributed Saving for executives, totaling 10 person amount 72,000 THB (data shown in the table, executive compensation).

## 8.5 Personnel

### 8.5.1 Number of staff (Not include number of Management)

In the year 2011-2012 the Company has a number of personnel in the designation are as follows.

	number of employees		
	31 <sup>st</sup> December 2011	31 <sup>st</sup> December 2012	31 <sup>st</sup> December 2013
1. Permanent employee			
- Financial department	7	7	8
- Marketing Domestic department	13	12	13
- Marketing Oversea department	4	3	3
- Administration department	185	134	140
- Production department	249	245	236
2. Temporary employee	--	--	--
<b>Total</b>	<b>458</b>	<b>401</b>	<b>400</b>

### 8.5.2 Total remunerations for the company's employees, and type of remuneration

(unit :million baht)

Remunerations for permanent employees	2011	2012	2013
Salary, bonus, commissions <sup>/1</sup> , provident fund.	55.16	62.12	90.32
<b>Total</b>	<b>55.16</b>	<b>62.12</b>	<b>90.32</b>

Remark : /1 = The company has its regulation in paying commissions to all of the employees of sales department, the basis in computation based on the agreement with the company. The company pays for the commissions in the salary account at the end of each month.

### 8.5.3 The policy in human resources development

The company has the policy concerning the development of human resources as continuous, by focusing on the promoting and giving the knowledge for the development of capability. The company provides the internal training, and sends its employees in attending the training course with the governmental and private

sector. The company also provides the learning by doing to its employees under the supervision and the advice from the supervisor. The company has the policy of job rotation for the personnel in each project, in order for the employees in having various and broaden skillful and experiences. Furthermore, the company lends the significant to the building of morale and motivation in the company's human resources. The company has continuously improved the employees' welfare in the proper way. The expenses for human resources development in 2011-2013 shown as follows:

(unit : million baht)

Remunerations for permanent employees	2011	2012	2013
Training expenses external-inhouse company	0.33	0.71	3.78
Total	0.33	0.71	3.78

## 9. Corporate Governance

### 9.1 Corporate Governance policy

The company's board of directors concerns to the significant of the principle of good corporate governance for the transparency, able to be audited, and building the investors' confident. The company shall regularly disclose the information to the public and to the shareholders. In addition, the company lends the significant to the controlling system and internal auditing. The company attempts to control and to manage the risks closely, and concerns to the ethics in operating business. The company maintains the fairness to the vendors, the shareholders, and the stakeholders, with the details to be classified in 5 sections as follows:

#### Section 1: Rights of the Shareholders

The company's board of directors concerns to the significant of the shareholders' rights as equitable, by not doing any action to violate or to deprive the shareholders' rights. The company also accommodates the shareholders in using the rights, and determines the directions in building the shareholders' confident for the protection of fundamental rights as follows:

- 1) The company will inform as regular to the shareholders directly or through the SET, about the progress of business operation.
- 2) The arrangement of shareholders' meeting to be held at the place convenience in travelling, and at the proper date and time.
- 3) The company will send in advanced of not less than 7 days the invitation letter to attend the meeting to the shareholders, in compliance with the company's regulations and/or designated law. The company will send together with the invitation letter, the supplement information according to the agenda of meeting as sufficient for the consideration. The letter and other documents will prepare in Thai version and English version. The company also prepares for the opinions of the company's directors for the consideration of the shareholders' resolution to each meeting agenda, and the opinions of the audit committee for the significant agenda or as designated by law.
- 4) The company will announce to the shareholders, before starting the meeting, the matters concerning: the rights according to the company's regulation, the handling of the meeting, the method in voting, and the right in express the opinion, including the raise of question. The chairman of the meeting, the board of directors, and the director with position related to the special concern, has attend the meeting in providing the information and answering the questions. The chairman of the company or chairman of the meeting will allocate the time as proper, by arranging for the shareholders in having the opportunity for asking the questions or express the opinions and the suggestions.

- 5) After the shareholders' meeting has been finished, the company will inform to the SET immediately prior to the next opening of securities trading, the resolutions of the shareholders' meeting. The company will prepare the record of every shareholder' meeting with the accuracy and complete content, including the detail of the director attending the meeting, the detail of the counting of the votes in each agenda, and the questions or major opinions, enable to the examination of the shareholders. The company will send the document to the SET within 14 days after the date of shareholders' meeting.

## **Section 2: Equitable Treatment of Shareholders**

The company lends the significant for equitable treatment of shareholders under the following directions:

- 1) The company will send the proxy document by proposing at least of 1 audit committee for the shareholders in selecting as proxy to attend the shareholders' meeting and to resolve on behalf of the shareholders in each agenda, in case that the shareholders cannot attend the meeting. This is the treatment in supporting to the shareholders able to define their own resolve directions.
- 2) In case of the shareholders request for the adding of the agenda not less than 3 days prior to the meeting date, and the company considers that such agenda benefited to the company and the shareholders. The company has the policy in presenting such agenda to the meeting, and the company shall inform to the shareholders through the SET about the additional agenda.
- 3) In case that the shareholders request to the company, three months in advanced prior to the shareholders meeting date, for the proposing of person(s) to hold the position of the company's director(s), and have sent the supported information about the qualification with letter of agreement from the proposed person(s). The company has the policy in considering such person(s) to hold the position of director(s) in replacement of the director(s) whose term has been expired, and shall be presented in the meeting for the consideration of the resolution.
- 4) The company has its direction in protecting of using the inside information, by defining in the employee's operation manual under part of ethics which has been published to all the employees.
- 5) The company has its policy and method in protecting the directors and the managements from using of benefits incurred from significant information which affect to the investment. The company will inform to the SET, immediately before the next trading date of stocks, about the meeting resolutions. So, the directors and the managements have no opportunities in using inside information for their own benefits. The directors and the managements must also report the holding of securities, in each time of buying and selling, to the SET within 3 working days.

**Section 3: Roles of the Stakeholders**

The company respects to the stakeholders' rights, and defines as the treatment in the company's code of conduct, to ensure that the rights pertaining to any lawful related to the stakeholders in all parties such as: the shareholders, the employees, the managements, the clients, the vendors, including the socials will be take care by the company. Furthermore, the company also builds the coordination with the stakeholders for the business can be well operated, and to return the advantages as fairness to all parties concerned. In order to build the long term accomplishment, the company has its directions to be treated as follows:

- 1) The equitable treatment to the employees, and with the appropriated remunerations.
- 2) The procurement of products and services from the vendors must be complied to the conditions, also with the treatment to the vendors as per the agreement.
- 3) To pay attention and to take responsible to the clients for the quality of products and services.
- 4) The treatment as per the borrowing conditions agreed with the lender of the company.
- 5) The treatment as per the rule of good competition, to avoid the untruthful method in order to destroy the competitors.
- 6) To take responsible to the environment of social and community, and also to support for the activities in community at the proper time and opportunity.

**Section 4: The disclosure of information and the transparency**

Beside to the disclosure as strictly, completely, and on time of financial reports or other information to the public through many channels, the company shall disclose the following information for the transparency in business operation:

- 1) To disclose the information about the performance of the company's board of directors and the audit committee such as: number of meeting and number of attending the meeting of each director in the past year.
- 2) To disclose the method in the appraisal, and the performance appraisal of the company's directors.
- 3) To disclose the policy of the remunerations to the company's directors and the executive managements, including the form or characteristic of remunerations.
- 4) To report the policy of corporate governance, and performance results as per policy.

The company discloses these information to the public through the SEC, the SET, and the company's web site.

**Section 5: The Board Responsibilities**

The company's board of directors comprising of those who are professional with the knowledge, the competency, and the experiences from various professions benefited to the board of directors, and to the independence in making decision for the ultimate advantages to the company and the shareholders. The board of directors takes part in defining and/or agreeing on the company's vision, missions, strategies, business plans,

and budget. The board of directors also governs the managements in performing as to the business plans and budget with the efficiency and the effectiveness to the corporate, and the ultimate wealth to the shareholders. The board of directors also governs for the evaluation to the suitable of internal controlling, internal auditing, risk management, financial reporting, and the monitor of the performance regularly.

There are 7 directors in the company's board of directors which comprising of 3 directors from the executive managements, and 4 directors are not from the executive managements. Three directors are the independent directors which are over than 1/3 of total directors. In addition, the company has appointed three independent directors as the audit committee with the term of 3 years. The company has determined precisely the scope and authority of the audit committee in charter of the audit committee.

#### **The remunerations of the directors**

The company has its policy in determining, with the precision and the transparency, the monetary remunerations of the directors, and brought to the annual general shareholders' meeting for the approval. The measures in determining the company directors' remunerations are as follows:

- 1) To be appropriate and corresponded to the scope of responsibility of each director.
- 2) The remunerations are in the level of attractive, capable in maintaining the directors with competency and quality in performing the duties with the company.
- 3) The factors of the remunerations are clear, transparent, and simplified.
- 4) The remunerations are at the rate in equivalent to the directors in the same industry.

#### **The board of directors meeting**

The company shall arrange for the board of directors meeting and additional special meeting complied to the company's regulations, legal concerns to the public company, and rules and regulations of the SET. The chairman of the company acts as chairman of the meeting, shall promote for the using of careful judgment and allocate the appropriated time for the meeting, enable for the managements in proposing of the matters and the careful discussion of major problem. The company will send to the board of directors, in advanced of 7 days prior to the meeting date, the invitation letter together with the agenda , and other supporting documents. In addition, the company shall prepare the precise and complete minutes of meeting, enable for the examination by the shareholders.

#### **Report of the board of directors**

The board of directors responsible for the preparing of financial reports which include the company's financial report, the consolidated financial report of the company and its subsidiary (if any), and financial information appeared in the annual report. The financial reports have been prepared in accordance with general accepted accounting standard in Thailand, by the adoption of accounting policy as appropriated, accepted, and



frequently treated, including the careful adoption of judgment in preparing and disclosure of significant information as appropriated in the remark to the financial statements.

#### **The self-assessment of the board of directors**

In order for the increased of the board of directors' effectiveness, the company lets the board of directors do the performance self-assessment, by having the directors appraise the performance of the board of directors as a whole, and having the directors join in the consideration of performance and problems. The board of directors shall analyze and find the conclusion, from the assessment result, in determining the measure in improving the performance effectiveness.

#### **The development for directors and managements**

The company shall support the company's directors and managements in attending the seminar in the courses benefited to the performance, including for the meeting and share ideas with the directors and managements from other organizations. The primary courses that the directors attend are the courses of IOD: directors certification program (DCP), or directors accreditation program (DAP), or audit committee program (ACP), which will be brought in developing the company.

## **9.2 The Sub-Committee**

The company's managerial structure comprises of 3 sets of committees which are: the board of directors, the audit committee, and the executive committee. The scope of the directors' authorities being shown as follows:

### **9.2.1 The board of directors**

#### **The scope of authorities and responsibilities of the board of directors:**

1. To perform the duties complied to law, objective, the company's regulations, and the shareholders' meeting resolution.
2. To consider the approval of business policy, target, business plans, corporate strategies, and annual report.
3. To consider the appointment of person(s) with the qualifications and characteristics not forbidden to the public company act B.E. 2535, and law pertaining to securities and stock exchange market, including the regulations and/or regulations concerning to the directors in case that the vacancy for the position of directors due to other reason beside the resignation.
4. To consider the appointment of the independent directors and the audit committee, by considering to the forbidden qualification and characteristic of the independent directors and the audit committee: according to the law concerning securities and stock exchange market: including the regulations and/or

regulations concerning stock exchange market; or to present to the shareholders' meeting for the consideration of the appointment as the independent directors and the audit committee.

5. To consider the appointment of the executive managements by selecting from management or the directors of the company, including the defining of the scope of authorities and responsibilities of the executive managements.
6. To consider the determining and the correction of list of the authorized directors of the company.
7. To appoint other person in operating the business, under the control of the board of directors, or to delegate the authority to such person and/or in the period that the board of directors consider as appropriated. The board of directors may cancel/ withdraw/ amend or correct such authorization.
8. To consider the approval of the transaction pertains to the acquiring or the disposal of assets, except that such transaction must be approved from the shareholders' meeting. Such approval shall be as per the notice, the regulations and/or regulation concerning stock exchange market.
9. To consider the approval of the related transaction, except that such transaction must be approved from the shareholders' meeting. Such approval shall be per the notice, the regulation and/or regulation concerning stock exchange market.
10. To consider the approval of interim dividend payment to the shareholders, based on the view that the company has the appropriated profits to do so, and report the payment of dividend to the shareholders at the next shareholders' meeting. The directors or other person with or may have the conflict of interest with the company, are not allowed to vote such matter.

In addition, the following cases must be agreed from the board of directors' meeting, and the shareholders' meeting with the votes of not less than 3/4 of total votes from shareholders who attend the meeting and have the voting right.

- Selling or transferring the whole or partial of the company's business
- The acquisition of the transferring of other firm's business or private firm to be the company's business
- To do, to correct, or to terminate the agreement concerning the letting of the whole or partial of the company's business. To delegate the authority to other person in managing the company's business, or to merge the business with other person with the purpose of profits and loss sharing
- To amend the prospectus or the regulations
- To increase the capitals, to decrease the capitals, to issue the debenture, to merge or to dissolve the company
- The other matter defined under the provision of law concerning securities and/or the provision of the SET, in obtaining the agreement from the shareholders' meeting with the votes as mentioned

above, for example: the transaction about the acquisition or the disposal of assets, the related transaction.

#### The Directors' Term

The directors have the term of 3 years in each period, the period of 1 year means time period from the year that directors have been appointed from the shareholders' meeting until the next annual meeting. The director whose term has been expired, may have been proposed as director for another term.

The delegation of the board of directors' authorities and responsibilities is not the delegation of the authorities or responsibilities which enable the directors or the authorized person to approve the transaction with conflict of interest (as defined in the notice from the supervision board of securities and stock exchange market) for both the company and the subsidiary company.

#### 9.2.2 The Audit Committee

As at 31 December 2013, the company has 3 audit committee comprises of:

Name	Position
1. Mr. Anusorn Tamajai	Chairman to the audit committee
2. Mr. Asa Prateepasen	Audit committee
3. Mr. Chatchawan Triamvicharnkul	Audit committee

Remark: Audit committee who has knowledge and experiences in reviewing the reliability of financial statements is Mr. Chachawal Triamvijarnkul, who graduated with the certificate in higher graduate (auditing) from Chulalongkorn University, and Bachelor's degree in Business Administration (Accounting) from Ramkhamhaeng University.

With Mrs. Apsorn Suriyar is the secretary to the audit committee

#### **The scope of the authorities and responsibilities of the audit committee**

The company's board of directors has determined the authorities and responsibilities of the audit committee as follows:

- 1) To review for the company's in having the financial reports with the accuracy, complied to general accepted account standard, disclose the adequate and reliable information
- 2) To review for the company in having the internal control system and internal audit system with the appropriated and effectiveness
- 3) To review the company's operation in corresponded with public law, securities and stock exchange market law, the regulations of the SET and the SEC, including law concerning the company's business
- 4) To consider the selection and propose for the appointment the company's auditor, to determine the auditor's compensation, to evaluate the auditor's performance, to maintain the independence in performing of job for the auditor
- 5) To review for not having the conflict of interest between related persons

- 6) To consider the disclosure, with the accuracy and the completion, of the company's information concerning the related transactions or transactions which may have conflict of interest
- 7) To consider the approval of the charter of the internal audit department, including the approval of audit plan, man power, and annual budget
- 8) To consider and to agree on the appointment, the discharging, the transferring, lay off, and to consider the merit, to assign the job, and to maintain the independence to the internal audit department
- 9) To perform other duties designated by law, and assigned by the board of directors and agreed by the audit committee such as:
  - To review and to evaluate the appropriate of the company's rules and regulations, and to govern the company in performing according to the regulations and related law including the policy designated by the board of directors
  - To review the company's policy concerning financial management and risk management
  - To review the executive managements' performance as per the business ethics
  - To review with the executive managements on the significant reports that have to be presented to public as required by law such as: management's report and analysis
- 10) To prepare report of the audit committee's corporate governance, signed by chairman of the audit committee, by disclosing in the company's annual report

The Audit Committee responsible, for the above mentioned duties and responsibilities, directly to the board of directors, and the board of directors responsible , for the company's operation, to the shareholders and the public.

#### **The Term of the Audit Committee**

The audit committee has the term for 3 years in each period, and maintains in the position of not over than 3 consecutive terms, counting from the date of approval from the board of directors or the shareholders' meeting. The period of 1 year means time period from the year that the audit committee has been appointed from the shareholders' meeting until the next annual meeting. The audit committee whose term has been expired, may have proposed in renewal.

#### **9.2.3 The Executive Committee**

##### **The scope of the authorities and responsibilities of the executive committee**

- 1) To prepare and to present the company's business policies, goals, operational plans, business strategies, and annual budget, for the approval from the board of directors
- 2) To determine the company's business plans, the authorities, and budget, for the approval from the board of directors

- 3) To control for the effectiveness and obliged to the business condition, the company's operation corresponded with business policies, goals, operational plans, business strategies, and budget which approved from the board of directors
- 4) To consider the approval of the borrowing or the request for credit facility from financial institution, including the payment or the disbursement for transaction as to the company's normal business such as: the disbursement for investment, and operating expenses as per chart of authorization
- 5) To define the effective organizational structure and management covering: the selection, training, recruiting, and lay off the company's employees which are the managements or the executive managements. The authorization may be delegated to managing director in signing the employment agreement
- 6) To govern and to approve the company's operation. The executive committee may appoint or assign any person or persons in performing any matter deem appropriated, and the executive committee can cancel, amend, or correct such authority
- 7) To perform other duties assigned by the company's board of directors

The executive committee has no right in voting for the transaction which may have conflict of interest, or have interest with the company or the subsidiary company. The approval of transaction which may have conflict of interest, must comply to the notice from the SET under the subject: basis, procedure, and the disclosure of related transaction B.E. 2546.

#### **9.2.4 The executive managements**

##### **The scope of authorities and responsibilities of President and Chief executive officer**

- 1) To determine and to present to the board of directors, the business strategies and plans
- 2) To operate as per the business strategies and plans approved by the board of directors
- 3) To present to the board of directors for the consideration of the search for the opportunity in operating business related to the company's business, including new business with the feasible and increasing the company's and the employees' revenues
- 4) To operate and to perform the missions assigned by and under the policy of the board of directors
- 5) To order, to issue the regulation/ announcement/ memorandum for the operation to be corresponded with the policy
- 6) To consider the approval of the borrowing or the request for credit facility from financial institution, including the payment or the disbursement of transaction as to company's normal business such as: the disbursement for investment, and operating expenses as per chart of authorization
- 7) To coordinate with the executive and the employees for the operation according to business policy and direction derived from the board of directors

- 8) To govern the employees' operation in accordance with the policy, rules and regulations, including the operation under the principle of good governance
- 9) To promote the development of the employees' knowledge, competency, and potential, for the increase of the organization's potential
- 10) To consider the company's operational results, and to present to the board of directors in approving the interim dividend payment and annual dividend payment

The above mentioned authorities of President and Chief executive officer are not included to the authority of President and Chief executive officer in approving the transaction with the conflict, the interest, or may have conflict of interest (as per the regulations of the company and the SEC) with the company or the subsidiary company.

#### Summary of general authorization

Position	approval in getting job/ Bidding (baht/transaction)	approval for investment (baht/transaction)	approval for general expenses(baht/transaction)
The board of directors	> 1,000,000,000	> 50,000,000	
The executive committee	100,000,000 - 1,000,000,000	20,000,000 - 50,000,000	> 2,000,000 <sup>/2</sup>
President and Chief Executive Officer	10,000,000 - 100,000,000	< 20,000,000	100,000 - 2,000,000
Senior Vice President	not over 10,000,000	- no authorization -	20,000 - 100,000
Chief Officer	not over 10,000,000	- no authorization -	not over 20,000 <sup>/1</sup>

Remark : The company's board of directors meeting No. 3/2556 on 5<sup>th</sup> March 2013, has approved the above mentioned summary of general authorization

/1 = Chief officer approves only on the related transaction with the authority owns

/2 = general expenses mean the expenses which are the fixed expenses of plant and office such as expenses of water, electricity, rental , and expenses that are not related to project in getting job or production expenses, the expenses with the amount over 2 million baht will be approved by the executive committee, except general expenses such as expenses of sales department for primary offering job to the clients, expenses of after sales service department for primary appraising of repairing service to the clients, expenses in purchase of office supplies

The company and its subsidiary has prepared annual budget through the consideration of executive committee. In case that the department with the expenses exceed the budget, there must be proposed for the approval of the additional budget from executive committee.

### **9.3 The recruitment and the appointing of the directors and executive managements**

The company has no recruitment committee in selecting of person to be appointed as director or management. The company's directors or managements are those with the completely qualifications as per article 68 of the public company act B.E. 2535, and notice No. Tor Jor 28/2551 from the Capital Market Supervision

Commission subject: the request for permission and permission of the initial public offering (IPO) dated 15<sup>th</sup> December 2008; and must not be the person with the qualifications forbidden as per notice from the SEC subject: the regulation concerning the management of the company issuing stocks. The company's directors and managements must not have the history of illegal concern in ten years retrospective prior to the date of request for permission, and have never been convicted as the insolvent person, not being the person violating the regulations, notice, order, the resolution of directors, or the agreement of securities registration with the SET or the SET circulation letter, including the dispute or the prosecution waiting for the judgment.

**Factors and recruitment of Board of Director**

- 1) The company's board of directors comprises of at least 5 persons, with half of the directors must have the residence in the kingdom. The directors must be the person with the qualification required by law
- 2) The shareholders' meeting shall elect the company's directors under the basis and procedures as follows:
  - 2.1 Each shareholder has 1 share per 1 vote
  - 2.2 Each shareholder shall use the vote referred in 2.1 in the election of one person or persons to be director(s). In case of many persons have been elected, the votes cannot be shared to any one as much or less
  - 2.3 The person(s) with ranking at the highest shall be elected as director(s) equal to the number of director(s) should have at the time of the election. In case that the person(s) with the rank next to the highest rank, has (have) the equal votes exceeding the number of director(s) should have at the time of the election, chairman of the meeting shall vote as the final decision
- 3) For each of annual general meeting, one-third of total directors at the time of meeting shall be removed from the position. If the number of director cannot be divided into 3 fractions, the removal of directors will be the closest to one-third. The remove director(s) may be re-elected. In the first year and the second year after the registration of the company, the director(s) shall draw the lots for the removal. In the later year, the removal shall be for the director(s) with the longest term in the position.
- 4) The director(s) who would like to resign shall submit the resignation letter to the company. And the resignation will be effective on the date of receiving the resignation letter by the company
- 5) The shareholders' meeting may have the resolution to remove any director from the position prior to the term removal, with the votes of not less than  $\frac{3}{4}$  of total shareholders attending the meeting and have the right to vote, and with the total shares of not less than half of total shares held by the shareholders who attend the meeting and have the right to vote.
- 6) In case of the position of director is vacant, caused by other reason beside to the resignation in the term, the board of directors shall select the person; with the qualification and without the characteristic forbidden as per the public company law or law pertaining to the securities and stock exchange market; to be the replaced director(s) at the next meeting of the board, except for the term of such director(s) left less than 2 months. The person(s) selected as the replaced director(s) shall be in the position in



equivalent to the term left of the removed director(s). The board of directors resolution in appointing the person(s) to be director (s) must have the vote of not less than  $\frac{3}{4}$  of total existing directors.

- 7) The directors may or may not be the company's shareholders
- 8) The board of directors shall select one director to be the chairman. The board of directors shall select, in case of the appropriated consideration, one director or many directors as vice chairman and managing director. The vice chairman has the duties assigned by chairman according to the regulations of the company.

#### **Factors and the recruitment of the audit committee**

- 1) The audit committee comprises of 3 independent directors. The board of directors shall select one of the audit committee to be chairman of audit committee.
- 2) Each of the audit committee must have the knowledge, competency, experiences, and expertise as appropriated to the missions assigned by the board of directors, including the knowledge and competency in the matter related to the performance of audit committee.
- 3) At least one of the audit committee must have knowledge and understanding or experiences in field of accounting or finance.
- 4) The audit committee appoints at least 1 secretary to the audit committee, to perform the duties concerning the preparation of meeting agenda information, recording the minutes of meeting, the preparation of activities report, and other tasks assigned by the audit committee.

#### **The qualifications of independent directors**

1. Hold the shares of not exceeding 1% of total shares with the voting right of the company, the parent company, the subsidiary company, the affiliated company, major shareholders, or those who have the control power in the company. The shares of the related person to the independent director will be counted.
2. The independent director must not be or never be the director taking part in managing, the employee, the consultant who has salary, or has the control power in the company, the parent company, the affiliated company, the subsidiary company at same level, major shareholders, or those who have the control power in the company. Except that such independent director has left from the above mentioned characteristic of not less than 2 years before submitting the request for permission to the office. The above mentioned forbidden is not included the case that the independent director used to be the government officer or the consultant to the government organization which is the major shareholders or those who have the control power in the company.
3. The independent director must not be the person with the relationship as blood lineage, or the legally registration as parents, spouse, brother/sister, and child, including child's spouse of the managements,

- major shareholders, the person with the control power, or the person to be proposed as the managements, or the person with the control power in the company or the subsidiary company.
4. The independent director must not have or used to have the business relationship with the company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person who has the control power in the company, in the way that might obstruct to the adoption of independent judgment of the independent director.
  5. The independent director must not be or used to be the advisor of the company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person with the control power of the company, and must not be the shareholders in significant, the person with the control power, or partner of audit firm in which the auditor of the company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person with control power of the company attributed, except for the removal of not less than 2 years after the date of submitting for permission to the office.
  6. The independent director must not be or used to be the service provider of profession which includes legal advisor or financial consultant who receives service fee of more than 2 million baht/year from the company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person with the control power, and not be the shareholders in significant , the person with the control power, or partner of the service provider of profession, except for the removal of not less than 2 years before the date of submitting for permission to the office.
  7. The independent director must not be the director appointed to be the representative of the company's directors, major shareholders, or the shareholders with the relationship with major shareholders.
  8. The independent director must not operate the business with the same condition and compete as significant with the business of the company or the subsidiary company, or must not be partner as significant in partnership company, or must not be the director taking part in managing, the employee, the advisor receiving salary, or hold the shares more than 1% of total shares with voting right of other company operating business with the same condition and compete in significant with the company or the subsidiary company.
  9. There not be other characteristic that has the impact to the disability of the independent director to independently express the opinion concerning the company's operation.
  10. The independent director with the above mentioned qualifications, may has been assigned from the board of directors in making the decision about the operation of the company, the parent company, the affiliated company, the subsidiary company at the same level, major shareholders, or the person with the control power, the decision may be in the form of collective decision.

**The qualifications of audit committee**

The company's audit committee must be the independent director of the company, with the complete qualifications and not being the forbidden person as to the public company law and law pertaining to securities and stock exchange market, and other law related to company's business.

1. To be the director without taking part in managing, and not being the employee or the advisor having salary with the company, the subsidiary company, the affiliated company, the related company, or the major shareholders of the company.
2. To be the director without the business or interests as direct or indirect in financial aspect and financial management in the company, the subsidiary company, the affiliated company, or the major shareholders of the company.
3. To be the director not being the related person or the closed cousin of the executive managements or major shareholders of the company.
4. To be the director without any appointment as representative in protecting business of the company's directors, major shareholders, or the shareholders with the relationship with major shareholders of the company.
5. To hold shares of not exceeding 10% of paid-up capitals of the company, the subsidiary company, the affiliated company, the related company. This includes the counting of shares held by the related persons (including the persons) with relationship by blood lineage, by the marriage, and by legal registration such as father, mother, spouse, child)
6. To be able to perform the duties, express the opinion or to report the performance as to the tasks assigned by the company's board of directors, not being under the control of the executive managements or major shareholders of the company including the related person(s) (including the person(s) with the relationship with the company that affect to the ability in performing the duties independently or fluently such as: the clients, the creditors, the debtors, or the person(s) with the significant relationship to the company's business) or the closed cousin of such person(s).
7. The audit committee must have the independence and able to express the opinion or to report freely as to the missions assigned, without concerning to any benefit relating to assets or position, and not being under the influence of any person or group of person, including of none situation obstructed audit committee in expressing opinion as it should be.
8. To devote with adequate time for the operation, and have the intention to enhance knowledge concerning the company's operation in continuous for the effectiveness.

**The factor and the recruitment of the executive committee**

The executive committee comprises of the company's executive managements, the following positions are the company's executive committee:

(1) President and Chief executive officer

(2) Chief officer

The executive committee can propose, in the meeting, the appropriated person to be executive committee in additional, the executive committee has the term in the position for 4 years in each period.

#### The factor and the recruitment of president and chief executive officer

The executive committee shall propose the executive from the executive committee and present to the company's board of directors in appointing the proposed executive to be president and chief executive officer with the term in the position for 4 years in each period.

### 9.4 The corporate governance of the subsidiary company and the affiliated company

The company has appointed the person(s) to be the director(s) of the subsidiary company. The company has determined the regulation in such proposing and voting, and must be approved from the company's board of directors. The person(s) being appointed as director(s) in the subsidiary company, perform the duties for the ultimate benefits of the subsidiary company. The transaction concerning the related transaction, the acquisition and the disposal of assets, or other significant transaction, will be under the measure pertaining to the disclosure and the transaction doing as same as the company's measure, including the governance of collecting the information and recording of the subsidiary company accounting in the form as same as of the company, enable the company in examining and preparing of consolidated financial statements on time.

### 9.5 The governance about the adoption of inside information

As for the governance about the adoption of inside information for the benefits of the managements, the company has the strict policy in disclosing of the information about the company's action plan, including finance and accounting information. The company persists strictly to the rules, regulations under the supervision of stock exchange market. The company's human resources are unable to bring inside information disclosed to the outside persons, except for the writing permission.

The finance and accounting information are collected in computerized system. The access of the information shall be for the authorized person(s) only. The company set the personal password, and not allow for the disclosure of such password. The summary of total information, and audited financial and accounting information, under the responsible of chief officer-finance, will be disclosed, after being examined and agreed by audit committee, to the board of directors at the same time or after the company has informed and disclosed such information to the SET. All of the company's executive management respect, persist, and perform as per rules, regulations of the SET. It has been found that there was no inside information being used for the benefits of the directors or managements.

The company has informed to the managements about the obligation in reporting the owning of securities of their own company, spouse, and child not reaching the legal age, including the disclosure of

securities owned to the SEC as per provision 59 and 275 of the securities and stock exchange market act B.E. 2535.

If the company's directors, managements, or employees violate to the rules and regulations of the company, the company will have the punishment as defined in the manual for employees of the company.

## 9.6 Auditor Fee

### 1. Audit fee

The company and its subsidiary have made the payment of audit fee for accounting period year 2011-2013 to M. R. and associate Co., Ltd. as follows:

(unit; Baht)

	2011	2012	2013
1. Annual audit fee			
1.1. CTV-Doll and consolidated financial statements	640,000	640,000	850,000
1.2. CTV-TMT	300,000	300,000	300,000
2. Fee for reviewing interim financial statements			
2.1. CTV-Doll and consolidated financial statements	480,000	480,000	600,000
2.2. CTV-TMT	0	0	0
<b>Grand total</b>	<b>1,420,000</b>	<b>1,420,000</b>	<b>1,750,000</b>
Total for CTV-Doll	1,120,000	1,120,000	1,450,000

### 2. Non audit fee

- none -

### Factor affecting to the operation or financial position in future

The factor affecting to the operation or financial in future beside to that mentioned about risk factor is:

#### The decreased of earning per share due to the increased of the additional registered capitals

As from the 2013 financial statements as at 31<sup>st</sup> December 2013, the company has registered capitals of 240 million baht, and paid-up capitals for 180.00 million baht comprised of 1,080 million shares with par value of 0.25 baht. The company's net profits for the parent company equal to            million baht, or earning per share of baht. The company has issued the warrants for common stocks in total of 359.90 million units, with the convertible ratio of 1 warrant for 1 common stock, the first exercise date will be on 30<sup>th</sup> December 2014 and the last day of next quarter until 27<sup>th</sup> October 2016 which is the last exercise day. This may affect to the company's earning per share to be decreased in the future, in case that the company cannot generate revenues and net profits with the growth rate more than the increased of the company's common stocks.

## 9.7 The other treatment complied to the good governance

In 2013, the company has arranged for the company's directors meeting for sub-committee in corresponded with the principle of good governance with the details as follows:

Statistical data of the company's board of directors attending the meeting in 2013

List of the directors	Number of attending/Number of the meeting
1. Ms. Phenphimol Vejvarut	8/8
2. Mr. Suradech Taweesaengsakulthai	8/8
3. Ms. Asana Taweesaengsakulthai	4/8
4. Mr. Siriwat Taveesaengsakulthai	6/8
5. Mr. Natthachai Taveesaengsakulthai <sup>/1</sup>	3/8
6. Mr. Anusorn Tamajai	8/8
7. Mr. Asa Prateepasen	8/8
8. Mr. Chatchawan Triamvicharnkul <sup>/2</sup>	6/8

Remarks: /1 = Mr. Natthachai Taveesaengsakulthai has resigned from the company's director and executive committee, with effective date on 10<sup>th</sup> June 2013

/2 = Mr. Chatchawan Triamvicharnkul has been appointed as the independent director and audit committee on 27<sup>th</sup> February 2013

Statistical data of the audit committee attending the meeting in 2013

List of audit committee	Number of attending/Number of meeting
1. Mr. Anusorn Tamajai	8/8
2. Mr. Asa Prateepasen	8/8
3. Mr. Chatchawan Triamvicharnkul	8/8

Remarks: 1) The board of directors' meeting No. 2/2556 on 27<sup>th</sup> February 2013 has resolved to appoint Mr. Chatchawan Triamvicharnkul as the independent director and audit committee due to the resignation of one independent director and audit committee

2) The independent director and audit committee has arranged for audit committee meeting No. 1/2556 on 5<sup>th</sup> March 2013

Statistical data of the executive committee attending the meeting in 2013

List of executive committee	Number of attending/Number of meeting
1. Mr. Suradech Taweesaengsakulthai	12/13
2. Ms. Asana Taweesaengsakulthai	8/13
3. Mr. Siriwat Taveesaengsakulthai	7/13
4. Mr. Natthachai Taveesaengsakulthai <sup>/1</sup>	- /13
5. Ms. Somnuk Sangin	12/13
6. Mr. Prasobsuk Boonkwan	12/13
7. Mr. Sven Markus Gaber	13/13
8. Ms. Pattarin Anukunananchai	13/13
9. Mr. Nopparat Sangsawang	13/13
10. Mr. Apichai Chumsri <sup>/2</sup>	7/13
11. Mr. Nirut Sumongkol <sup>/2</sup>	5/13

Remarks: /1 = Mr. Natthachai Taweesaengsakulthai has resigned from the company's director and executive committee, with effective date on 10<sup>th</sup> June 2013

/2 = Mr. Apichai Chumsri and Mr. Niruti Sumongkol has been appointed from the executive committee's meeting No. 6/2556 on 4<sup>th</sup> June 2013 and has been agreed from the company's board of directors meeting No. 6/2556 on 13<sup>th</sup> August 2013

## 10. Corporate Social Responsibilities : CSR

The company has its policy and aspiration aiming at the leader in designing, creating, manufacturing, innovative designs world-class technologies with professional management integration with unique knowledge, in order to reach the excellence building the confident and the satisfaction to the customers with the consciousness in social responsibilities and environmental concern. The company has its target in offering the quality products under the brand "CHO" to the international level with the proud and the happiness to the stakeholders. To build the competition power in reaching to be the leader in technology innovations for Thailand.

The company concern to the designing of the products in the future as being friendly to the environment. The company has done the research and development of VR7 robot with the objective of reducing the effect to its employees for the job which cause danger to the health, reducing labor costs, in order to deliver the quality products to the customers. The development has been planned for sending the jobs to SMEs business.

Although the company, in the year 2009, has been noticed from the Khonkaen industrial bureau in improving the factory that caused the smell from spray painting, and the noise from the cutting and the knocking of metals. At the present, the company has already improved as per the advice from the from the Khonkaen industrial bureau.

The company concerns much to the effect from the production process. The company has determined the direction in managing the environment within the factory, such as the method in removing dust from the paint, in removing dust from the paint, in order to avoid the troubles to the neighbor and the environmental effect to the employees and the community around the factory. The company has also open for the suggestions and advices offered from the channel of face book.

Furthermore, the company concerns to the unity among the employees by having the policy concerning the annually activity of presenting robes to Buddhist monks at a temple requested by the employee started from 2007's. The company has organized in each year since 2011's, the youth football competition with the age of 12, and 14 under the project of football Cho Tawee junior club, in order to promote the interesting in sports to the youth and to avoid the narcotic addicted. The company also has the by-product benefit from these youths as the potential employees, and the sport-favored parents of these youth know the company much better. Moreover, the company has many activities dealing with various religions in order to enhance the ethics to the employees regularly.

## 11. Internal Control and Risk Management

The board of directors meeting No. 1/2557 on 12<sup>th</sup> January 2014, three auditor committee have also attended, has expressed the opinion about the company's internal control, and has considered the approval of the form of assessment to the sufficiency of internal control system of the company in 5 parts as follows:

1. Organizational Control and Environmental Measures
2. Risk Management Measure
3. Management Control Activities
4. Information and Communication Measure
5. Monitoring

1. Organizational control and environmental measures The company has the precise organizational structure, the scope of authority and responsibility of each department, and the written rules and regulations for personnel management, including the determination of policy and code of conduct, by concerning to rules of law and regulations which may affected to the stakeholders, creating the neutrality to all parties, and the prevention from the corruption. The board of directors has expressed the opinion that the company has the sufficiency of internal control system as effectiveness in organizational control and environmental measures.

2. Risk management measure The executive committee and the executive managements will consider and analyze the internal and external risk factors in all aspects which may affected to the company's business and in each department, and will monitor to the situations caused to the risk factor, and inform to related employee as to the designated measure in risk management. The board of directors has expressed the opinion that the company has the sufficiency of internal control system as effectiveness in the risk management measure.

3. Management control activities The company has precisely determined the scope of authorities and responsibilities, and level of financial authorization of the managements in each level in written document. The company has determined in separate of the authorization, the accounting recording, and the management of cash and assets, for the purpose of check and balance. The board of directors has expressed the opinion that the company has the sufficiency of internal control system as effectiveness in management control activities.

4. Information and communication measure The company has sent the invitation letter together with supported information to the board of directors of at least 7 days in advanced. The board of directors has the adequate time and information in considering the important matters of the company. After the meeting, the company shall send the meeting resolutions to the SET for disclose of information to the shareholders. The company has also prepared the minutes of each meeting enable for the shareholders in examining the performance of the board of directors. The company has adopted accounting policy as proper to the business, and complied to the general accepted accounting principles, including the appropriateness in keeping all the documents, The board of directors has express the opinion that the company has the sufficiency of internal control system of information and communication measure.



5. Monitoring The executive committee has arranged for the monthly meeting, and at least of one quarterly meeting in acknowledging of the performance and offering the suggestion for the operating of internal control. The company has determined for the internal auditor in directly reporting the audit result to the board of directors or the audit committee, for the independent operating of internal auditor. The board of directors has expressed the opinion that the company has the sufficiency of internal control system as effectiveness in the monitoring measure.

The Conclusion of Internal Control System According to the Opinion of Internal Auditor

The company has the internal audit department in performing the duty of internal audit for the auditing of the company's internal control system, including the evaluation and the performance monitoring in compliance with the suggestion of internal auditor, the evaluation and the reviewing of the result will be done in each quarter as regular. The latest auditing of internal control system as per the conclusion of the performance monitoring in compliance with the suggestion of internal auditor dated 10<sup>th</sup> October 2013, the internal audit department has presented report of the conclusion of the performance monitoring to the board of directors meeting No. 1/2557 dated 12<sup>th</sup> January 2014. The audit committee has acknowledged the result of the auditing, and considered that there was no significant fault of internal control system.

The Conclusion of the Auditor Concerning the Observation from Reviewing of Financial Statements

M. R. & Associate Co., Ltd. which is the auditor of the company, has studied and evaluated to the effectiveness of the company's accounting internal control, and has found that there was no significant fault of accounting internal control, but there was the notice and the suggestion from auditing since 2013. The auditor has prepared management letter dated 25<sup>th</sup> February 2014 to the audit committee and the board of directors meeting dated 25<sup>th</sup> February 2014, and audit committee has considered that the managements has performed complied to the auditor's suggestion, with the detail of observation and suggestion as follows:

# Cho Thavee Dollasien Public Company Limited and its Subsidiary

## Observation on and Suggestion of Inter Auditing

From Audited of 2014

### 1) Inventory

	Observation	Suggestion	The managements' opinion
1	The company has withdrawn Raw materials by using the Borrowing document (like memo.) And prepared the withdraw Document in later, there was no Proper control of the withdraw Document	The company must consider to the proper of having the withdraw document in case of necessary. The company must have the appropriated controlling system, including the precise performance manual	The company must have the withdraw document, and have the related document in determining of the controlling and the procedure as proper and precise
2	The company has consigned the seller's Goods which collected in the company's Warehouse, the company has not shown The precise detail which caused to the error In checking stocks and the risk of damage	The company must have the tight control procedure to other person's goods under the company's responsibility, the company should keep the goods separately with the indication as precisely and completely observed	The company has the precise indication, and has instructed explicitly to the related employee

### 2) The determination of selling price in the group

	Observation	Suggestion	The managements' opinion
1	The company has sold product to the Subsidiary company and a related company At the price below costs	The company and related company has policy in determining of selling price as agreed mutually, and at the price higher than costs	The company has concerned to such problem, and has corrected, monitored, and controlled the costs, but with the Dissatisfaction result, the company has To reduce the costs

### 3) Other matters

	Observation	Suggestion	The managements' opinion
1	The company has incurred the expenses With a related person in November 2012, But has recorded such expenses in 2013 for The total amount of 200,000 baht	The company must have the business unit or personnel in performing duty of collecting the agreement or obligation as the source of information for checking and/or presented Internal and external information	The company has instructed explicitly to the legal department in handling of agreement to related department within time, for accounting recording
2	The company has collected the related Transaction information incompletely And inaccuracy	The information about related transaction is the important information used for making the approval and the disclosure of information In financial statements, the company must Concern to the important of the accuracy and The completeness of information	The company has instructed the accounting department in clarifying and finding the procedure in collecting of information for the accuracy and the completeness of information

# Cho Thavee Dollasien Public Company Limited and its Subsidiary

## Observation on and Suggestion of Inter Auditing

From Audited of 2014

### The Subsidiary Company

#### Other matters

	Observation	Suggestion	The managements' opinion
1	The company has deducted withholding tax to employee less Than what it should be and sent to The revenue department, by having Informed that the employee has requested for the deducted amount	The company is juristic person who has the responsibility in withheld and send tax to revenue department complied to designated measure, the tax being withheld less than what it should be, may cause to the examination by related organization, and for the purpose of being complied to good Governance principles	The company has instructed the in informing the employees about rule of law, and the personnel department must calculate the withholding tax correctly
2	The company has collected the Information relating to the related Transaction as incompleteness and Inaccuracy as it should be	The information concerning the related transaction is important used for the approval of transaction and the disclosure of information in financial statements. So, the company must lend the significant to the accuracy and the Completeness of such information	The company has the accounting department in clarifying and finding the method in collecting of information for the accuracy and the completeness
3	The company has paid the commission to the person who assisted the company's work, but the receiver was another person (received on behalf)	The company must pay commission to the right person and not paid as to the requirement of the receiver, which may affect to the company in sending of withholding tax not corresponded to the measure Designated by the Revenue Department and good governance principles	The company has instructed the sales department in operating as per designated regulations explicitly and accuracy, and has instructed the related department in checking the transaction with the accuracy

Chief of Internal Audit and Chief of Compliance

## 1) Chief of internal audit

The company has the internal audit section, with Mrs. Apsorn Suriya being Chief of internal audit, the audit committee agree that Chief of internal audit has the educational background, experiences, training as sufficient to the performance of internal audit in all aspects according to the standard of internal audit and risk factor analysis, preparing of audit plan, preparing of internal audit report complied to standard, reviewing to the sufficiency completeness of the evidence referred in the report, proposing or suggesting of the methodology in correction, adding, or reducing of audited transaction, preparing of working paper in collecting audited information, and performing other assigned duty. (detail of qualification of chief of internal audit as per attached document 3)

## 2) Chief of compliance

The board of directors has appointed Mr. Nattaporn Muangchantra to be chief of compliance , and has agreed that chief of compliance unit has the educational background, experiences, training as sufficient to the performance of governing the company and the subsidiary company in performing complied to regulations, act, notice from related organization such as the SEC and the SET; corporate governance for the public company and private firm in the group; preparing of document and the registration of correction, amendment of rules and regulations, resolutions to government sector; coordinating of transaction, legal act, registration agreement concerning the company's assets, providing the advice relating to civil case and criminal case, monitoring of debt collection and the enforcement of case. (detail of qualification of chief of compliance unit as per attached document 3)

## 12. The related transactions

The company and the subsidiary company has done the transactions with the person(s) which may have the conflict of interests, such transactions have been done with the company's shareholders and the related person(s) according to provision 258. The transactions have been disclosed in the remark to financial statements and interim financial statements audited and reviewed by the auditor of the company. The audit committee has expressed the opinion about the appropriateness of such transactions that: the transactions were in corresponded with the company's normal business, or with the reasonableness. The prices and other conditions were quoted complied to market price, the same as quoted to other person(s) or other business which have no relationship. There was no transaction of the benefits among the company, the subsidiary company, and the person(s) which may have conflict of interest.

### 12.1. The related transactions

The related transactions of the company and the subsidiary company with the person(s) which may have conflict of interest for the accounting period of 2012-2013 ending 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2013 shown as follows:

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
1.Knon kaen Cho Thavee (1993) Co., Ltd. - Mr. Suradech Taweesaengsakulthai (major shareholders/director) holds 97.16% and being the director of such company -Ms. Asana Taweesaengsakulthai (director) holds 0.16%	■ The company sales the products and services of repairing of truck's body, trailer/semi-trailer	5.04	1.68	- The company sales the products and spare parts and provide the services of repairing as normal trade with trade condition not differed from doing with the other	- Being appropriate and complied to normal trade with the price closed to that of the others
	■ The company has account receivables from such transaction at the end of period	5.39	0.00	- The company offered the credit terms complied to that of normal trade	- The condition as same as that of other customers
	■ The company bought raw materials and equipment	0.002	14.85	- The company bought truck's head and spare parts as per normal trade by having price compared with that of other seller, price and condition on market basis	- The comparison of price as appropriate and complied to normal trade, with price closed to that of the others
	■ The company has account payables from such transaction at the end of period	0.002	0.00	- The company offered credit terms as per normal trade	- The condition as same as that of other customers

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
1. Khon kaen Cho Thavee (1993) Co., Ltd (Continue)	<ul style="list-style-type: none"> <li>■ Short-term loans offered</li> <li>- Beginning balance</li> <li>- Increased in period</li> <li>- (Decreased) in period</li> <li>- Ending balance</li> <li>■ Interest income from the above to transactions.</li> </ul>	0.00 0.00 0.00 0.00 0.00	32.12 26.01 58.13 0.00 2.70	<ul style="list-style-type: none"> <li>- Khon kaen Cho Thavee (1993) Co., Ltd. has borrowed money from the company since 2009 for buying plant and for working capitals, and has paid total of loans in 2012</li> <li>- The interest of 7% per year which is higher than the company's average financial costs</li> </ul>	<ul style="list-style-type: none"> <li>- The interests at the appropriated rate which were higher than the average financial costs, the company has received payment of loans and interests already and has the policy of not offering financial assistance to related business any more</li> </ul>
	<ul style="list-style-type: none"> <li>■ The company rented the office building space to Khon kaen Cho Thavee (1993) Co., Ltd to be office</li> </ul>	0.36	0.36	<ul style="list-style-type: none"> <li>- The annual rental agreement with the rental fee of 30,000 baht/month based on market rate</li> </ul>	<ul style="list-style-type: none"> <li>- The rental fee based on market rate with appropriate</li> </ul>
	<ul style="list-style-type: none"> <li>■ The company provide the service of management, accounting software, and advanced payment for other expenses</li> <li>■ The company has account receivable from such transaction at the end of the period</li> </ul>	1.91 1.30	3.81 0.35	<ul style="list-style-type: none"> <li>- Khon kaen Cho Thavee (1993) Co., Ltd. has hired the company in providing service of general management since it has no personnel in administrative department, and accounting software with the service fee of 340,000 baht/month (include VAT), there has the collection of statistical data of the usage in evaluating the frequency of the usage and being used as the computation of service fee which shall be compared with other business, and the managements for project has been finished in July 2013</li> </ul>	<ul style="list-style-type: none"> <li>- The service fee being appropriated and with the comparison of service fee with the external person</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
1. Khon kaen Cho Thavee (1993) Co., Ltd (Continue)	<ul style="list-style-type: none"> <li>The company has bought the trade mark which belonged to Khon kaen Cho Thavee (1993) Co., Ltd. to be the company assets from being allowed for the usage without value in the past</li> </ul>	4.67	0.00	<ul style="list-style-type: none"> <li>The trademark used to be the ownership of Khon kaen Cho Thavee (1993) Co., Ltd. which was allowed for the company in using without value, and when the company becomes the public company, and such trade mark was known to the customers, the company decided to buy it to be the company's assets at the agreed price which was appraised by the independently appraiser, the appraised price was higher than the agreed price, and the board of directors approved on the acquisition of such trade mark</li> </ul>	<ul style="list-style-type: none"> <li>Being essential and appropriated with the consideration of the transaction and the appraisal of value from independent appraiser</li> </ul>
	<ul style="list-style-type: none"> <li>The company sales of vehicle</li> </ul>	0.00	0.82	<ul style="list-style-type: none"> <li>The company sold rickshaw which has not been used and with the problem of repairing in many times to Khon kaen Cho Thavee (1993) Co., Ltd. at the selling price equal to net book value after deducting accumulated depreciation</li> </ul>	<ul style="list-style-type: none"> <li>The determination of price as per net book value was appropriated, with the price evaluation in equivalent to market price</li> </ul>
	<ul style="list-style-type: none"> <li>The company has bought the plant with house and vehicle</li> </ul>	0.00	6.00	<ul style="list-style-type: none"> <li>The company has bought the plant with 3 houses from Khon kaen Cho Thavee (1993) Co., Ltd. for being the employee's welfare house at the price of 4.50 million baht which equal to the appraisal price appraised by independently appraiser, the company has bought five plain-floor trucks from Khon kaen Cho Thavee (1993) Co., Ltd. for operating business at the price of 0.30 million baht for each truck, which equal to net book value after deducting the accumulated depreciation in financial statements of Khon kaen Cho Thavee (1993) Co., Ltd</li> </ul>	<ul style="list-style-type: none"> <li>The appraisal price appraised by the independent appraiser for</li> <li>Public purpose and being the price equal to appraisal price</li> <li>The appraisal of price as per condition in equivalent to market price, with the price closed to market price for the second-handed market</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
1. Khon kaen Cho Thavee (1993) Co., Ltd. (Continue)	■ The subsidiary company has bought the building	0.00	0.62	<ul style="list-style-type: none"> <li>The subsidiary company has bought the building from Khon kaen Cho Thavee (1993) Co., Ltd. located on the plant bought by the subsidiary company, for being the office and new factory in the future, the buying price equal to net book value after deducting the accumulated depreciation in the financial statements of Khon kaen Cho Thavee (1993) Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>The building being the affix to the property bought by the subsidiary company, there was the appraisal of total price of the property and building by the independent appraiser who made the appraisal for public purpose, but cannot separately identified, the determination of price at net book value being appropriated at the price not too high</li> </ul>
	■ The fee from using the security of Khon kaen Cho Thavee (1993) Co., Ltd., for being pledged to the company's credit line	0.45	0.00	<ul style="list-style-type: none"> <li>The company has granted credit line from the bank by pledging the security of Khon kaen Cho Thavee (1993) Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Being the security of the related company to be pledged to credit line from bank for the operating of business of the company as necessary, and the fee equal to the fee of other financial institution</li> </ul>
	■ The company has other account payable relating to such transaction at the end of period	0.05	0.00	<ul style="list-style-type: none"> <li>The company has granted credit terms as per normal trade</li> </ul>	<ul style="list-style-type: none"> <li>The condition was as same as that granting from other person and the transaction did not exist in 2012</li> </ul>
	■ The company was the guarantor to Khon kaen Cho Thavee (1993) Co., Ltd. for the credit line from a bank	0.00	Pledging amount of 65.00 million baht	<ul style="list-style-type: none"> <li>The company has provided financial support to Khon kaen Cho Thavee (1993) Co., Ltd. by guaranteeing to the utilization of credit line of one bank, without any return to the company, the bank has released the obligation on 28<sup>th</sup> February 2013</li> </ul>	<ul style="list-style-type: none"> <li>Being the financial support as to the necessity and condition of the bank, the bank has already released the obligation</li> </ul>



Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
2. Volrep Truck and Bus Co., Ltd. - Mr. Suradech Taweesaengsakulthai (major shareholders/director) holds 85.00% and being the director of such company -Ms. Asana Taweesaengsakulthai (director) holds 1.00% and being the director of such company	■ The company sales products and services in repairing of the body of truck, trailer/semi-trailer	3.34	16.61	- The company has sold the products and spare parts as normal business, with the comparison of price with other seller, the price and condition offered based on market price basis - The company has received the credit terms as per normal business	- Being appropriated as per normal business, the price and condition closed to that of other person
	■ The company has account receivables and advance from such transaction at the ending of period	4.65	15.80		
	■ The company has bought the products, raw materials, and equipment.	17.05	2.84	- The company has bought spare parts and equipment at the agreed price, and the price was closed to market price - The company has received the credit terms as per normal business	- There was the comparison of price as appropriated and as per normal business, the price and condition closed to that of other person
	■ the company has account payables from such transaction at the end of period	0.09	0.06		
	■ The subsidiary company has bought the products, raw materials, and equipment	0.00	0.26	- The subsidiary company has bought spare parts and equipment at the agreed price, and the price was closed to market price - Volrep Truck and Bus Co., Ltd. has borrowed money from the company since 2009 for being working capitals, and has paid all of the loans in 2012 - The interests of 7% per year which was higher than the financial costs in average of the company	- There was the comparison of price as appropriated and as per normal business - Being the appropriated interest rate which was higher than financial costs in average, and the company has been paid all the loans, and the company has no policy in financial supporting to related business any more
	■ The company offered S/T loans - Beginning balance - Increased in period - (Decreased) in period - Ending balance ■ the company's interest income	0.00 0.00 0.00 0.00 0.00	9.84 39.40 49.24 0.00 0.70		
	■ Volrep Truck and Bus Co., Ltd. has rented vehicle for OPV project from the company	0.58	0.58	- Since Volrep Truck and Bus Co., Ltd. had no vehicle of its own, and has rented 3 vehicles from the company for OPV project, with the rental fee of 30,000 baht /month based on market price	- The rental fee based on the appropriated market price

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
2. VolrepTruck and Bus Co., Ltd (Continue)	<ul style="list-style-type: none"> <li>The subsidiary company has rented vehicle for its business</li> </ul>	0.25	0.13	<ul style="list-style-type: none"> <li>The subsidiary company has rented a vehicle for general business from Volrep Truck and Bus Co., Ltd. with the rental fee of 21,000 baht/month based on market price</li> </ul>	<ul style="list-style-type: none"> <li>The rental fee based on the appropriated market price</li> </ul>
	<ul style="list-style-type: none"> <li>The subsidiary company has other account payables from such transaction at the end of period</li> </ul>	0.11	0.02		
	<ul style="list-style-type: none"> <li>The company has offered the managements service, accounting software, and paid the expenses in advanced</li> </ul>	0.47	0.92	<ul style="list-style-type: none"> <li>Volrep Truck and Bus Co., Ltd. ;has no accounting software of its own, and has hired the company for the service of accounting software and others with the service fee of 80,000 baht/month, there has the collection of statistical data of the usage in evaluation the frequency of the usage and being used as the computation of service fee which shall be compared with other business, the project has finished in July 2013</li> </ul>	<ul style="list-style-type: none"> <li>Being the appropriated service fee with the comparison with other external person</li> </ul>
	<ul style="list-style-type: none"> <li>The company has account receivable from such transaction at the end of period</li> </ul>	0.28	0.34		
	<ul style="list-style-type: none"> <li>The company has guaranteed for credit line of Volrep Truck and Bus Co., Ltd. granted from one bank</li> </ul>	0.00	Guaranteed amount 80.00 million baht	<ul style="list-style-type: none"> <li>The company has provided financial assistance to Volrep Truck and Bus Co., Ltd.; by being the guarantor for credit line of a bank on 24<sup>th</sup> December 2012 without any compensation, the bank has released such guarantee on 30<sup>th</sup> January 2013</li> </ul>	<ul style="list-style-type: none"> <li>Being the financial assistance as appropriated in accordance with the bank condition, and the bank has already released such guarantee</li> </ul>
3. O. J. Development Co., Ltd. - Ms. Asana Taweangsakulthai (director) holds 44.99% and being the director of such company	<ul style="list-style-type: none"> <li>The company has sold spare part.</li> </ul>	0.00	0.05	<ul style="list-style-type: none"> <li>The company has sold spare parts as to normal business, with the comparison of price with other seller, the price and condition based on market basis</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated as to normal business, the price closed to that of the other person</li> </ul>
	<ul style="list-style-type: none"> <li>The company has sold supplies and equipment as other revenues</li> </ul>	0.00	0.02	<ul style="list-style-type: none"> <li>Since O. J. Development Co., Ltd. has bought supplies and equipment in small quantity, the company has quoted the price as to its pricing policy</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated as to the company's pricing policy</li> </ul>
	<ul style="list-style-type: none"> <li>The company has sold the assets</li> </ul>	0.00	0.01	<ul style="list-style-type: none"> <li>The company has sold old computer to O. J. development Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Being the appropriated price as to the market price</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
3. O. J. Development Co., Ltd. (Continue)	<ul style="list-style-type: none"> <li>O. J. Development Co., Ltd. has paid the documentation expenses for the company</li> </ul>	0.003	0.00	<ul style="list-style-type: none"> <li>O. J. Development Co., Ltd. has paid the expenses for the company and has recorded the transaction as advanced payment, and the payment has been already settled</li> </ul>	<ul style="list-style-type: none"> <li>Being the short-term advanced payment with small amount</li> </ul>
4. Doll Fahrzeugbau AG - The company's shareholder in the portion of 1.82% of registered capitals before IPO	<ul style="list-style-type: none"> <li>The company has purchase raw material from Doll Fahrzeugbau AG</li> </ul>	70.07	70.09	<ul style="list-style-type: none"> <li>The company has bought raw material from Doll Fahrzeugbau AG as to normal trade, for being the manufacturing of products as per the condition in the agreement in transferring of mutual technology under the trade condition as to normal trade of Doll Fahrzeugbau AG</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated with trade condition as per normal trade, the price and condition was closed to that of the other person</li> </ul>
	<ul style="list-style-type: none"> <li>The company has account payables from such transaction at the end of period</li> </ul>	24.96	26.47		
	<ul style="list-style-type: none"> <li>The company has provided other service</li> </ul>	0.00	0.06	<ul style="list-style-type: none"> <li>The company has provided the service to Doll Fahrzeugbau AG from the job in Thailand with the price of service based on the company's pricing policy</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated as to the company's pricing policy</li> </ul>
	<ul style="list-style-type: none"> <li>The company has other account receivables from such transaction at the end of period</li> </ul>	0.00	0.06		
5. Ruamthavee Khon kaen Co., Ltd. - Mr. Siritaveesangkulthai (director) holds 19.16% and being the director of such company	<ul style="list-style-type: none"> <li>The company has sold the products and provided the services of repairing the truck's body, trailer/semi-trailer</li> </ul>	0.27	0.00	<ul style="list-style-type: none"> <li>The company has sold spare parts and provided the services of repairing as to normal trade with the comparison with other seller, the offered price and condition was under market price basis</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated as to normal trade, the price closed to that of other person</li> </ul>
	<ul style="list-style-type: none"> <li>The company has account receivables from such transaction at the of period</li> </ul>	0.06	5.72	<ul style="list-style-type: none"> <li>The company has offered the credit terms in corresponded with credit terms for normal trade</li> </ul>	<ul style="list-style-type: none"> <li>The condition was in normal basis in equivalent to other customers</li> </ul>
	<ul style="list-style-type: none"> <li>The company has bought raw materials and spare parts</li> </ul>	9.12	0.01	<ul style="list-style-type: none"> <li>The company has bought raw materials and spare parts as to normal trade</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated and the condition</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
5. Ruamthavee Khon kaen Co., Ltd.  (Continue)	<ul style="list-style-type: none"> <li>The company has trade account payables from such transaction at the end of accounting period, and was the purchase in the past prior to be the related business</li> </ul>	0.08	0.39	<ul style="list-style-type: none"> <li>Being trade condition as to normal trade of Ruamthavee Khon kaen Co., Ltd. which was the price closed to market price and received credit terms as to normal trade credit terms of Ruamtahvee Khon kaen Co., Ltd., and the transaction incurred before being the related company</li> </ul>	<ul style="list-style-type: none"> <li>Trade as to normal trade, the price was closed to that of other person from the trade in the past</li> </ul>
6. Tang Hua Sing Nakon Pathom Limited Partnership - Mrs. Penphimol Vejvarut the major shareholder and partner	<ul style="list-style-type: none"> <li>The company has sold the products and provided the service of repairing the truck's body, trailer/semi-trailer</li> <li>The company has bought the products, raw materials</li> </ul>	0.09  2.95	0.00  0.00	<ul style="list-style-type: none"> <li>The company has sold spare parts and provided repairing service as to normal trade, with the comparison of the price with other seller, the price and condition under market price basis</li> <li>The company has bought raw materials and spare parts as to normal trade</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated as to normal trade, the price was closed to that of other person</li> </ul>
7. TSP-CTV JOINT VENTURE. The company has signed the joint venture agreement with T.S.P energy saving lighting Co., Ltd. with joint responsibility	<ul style="list-style-type: none"> <li>The company has realized revenues from management</li> <li>The company has other account receivables from such transaction at the end of account period</li> <li>The company has account receivable from advanced payment</li> </ul>	0.59 0.59  0.29	0.00 0.00  0.00	<ul style="list-style-type: none"> <li>The company has charged for the management fee and the payment on behalf of Joint Venture as necessary, since the joint venture has no personal of its own in present the project under control of Ministry of Defense</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated and the necessity and the determination of price</li> </ul>
8. JVCC JOINT VENTURE. The company has signed joint venture agreement with Khon kaen Cho Thavee (1993) Co., Ltd. with joint responsibility	<ul style="list-style-type: none"> <li>The company has made the advanced payment</li> </ul>	0.30	0.00	<ul style="list-style-type: none"> <li>The company has paid a necessary expense since the Joint Venter has no personal in the bidding project to government sector and private sector with the condition in having the company's registered capitals of more than 270 million baht.</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated and corresponded with short-term necessity, with not much amount as significant</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
9.Mr. Suradech Taweesaengsakulthai - The major shareholders of the company with the portion of 45.35% of paid-up registered capitals as at closing date on 27/12/2013 - Director -Chief Executive Officer - President and Chief Executive Officer	■ Short-term loans to - Beginning balance - Increased in period - (Decreased) in period - Ending balance ■ The company has interest income from such transaction	0.00 0.00 0.00 0.00 0.00	74.62 104.65 179.27 0.00 3.72	- Mr. Suradech has borrowed money from the company since 2007 for invested in many projects, and the company has already received payment of the all loans in 2012 - The company has charged the interests at 7% per year which was higher than the company's financial costs in average	- Being the appropriated interests which was higher than the company's financial costs in average, the company has already received the repayment of loans and interests , and the company has no policy in supporting of financials assistance to related person any more
	■ The subsidiary company has offered short-term loans to Mr. Suradech Taweesaengsakulthai - Beginning balance - Increased in period - (Decreased) in period - Ending balance ■ The subsidiary company has received the interests from such transaction	0.00 0.00 0.00 0.00 0.00	6.61 0.00 6.61 0.00 0.23	- Mr. Suradech has borrowed money from the company in 2011 for invested in many projects, and the company has already received the repayment of loans in 2012 - The company has charged the interests at 7% per year which was higher than the company's financial costs in average	- Being the appropriated interest rate which was higher than the company's financial costs in average, and the subsidiary - company has already paid the loans and accrued interests, the company has no policy in providing financial assistance to related person any more
	■ The company has bought property with house, and plain property for investment in future	0.00	63.10	- The company has bought property with 3 houses from Mr. Suradech for being welfare houses for employees which never been charged the rental fee, at the price of 4.10 million baht which was lower than appraisal price appraised by independent appraiser's price at 4.19 million baht	- There was the appraisal of price by the independent appraiser who appraised for the public purpose and being the price lower than appraisal price

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
9.Mr. Suradech Taweesaengsakulthai (Continue)				<ul style="list-style-type: none"> <li>The company has bought plain property from Mr. Suradech for the investment plan in future, and being the property pledged as collateral to the company without compensation, the acquisition price was 59.00 million baht which was lower than that of the independent appraiser which equal to 59.34 million baht</li> </ul>	
	<ul style="list-style-type: none"> <li>The subsidiary has bought the building</li> </ul>	0.00	27.34	<ul style="list-style-type: none"> <li>The subsidiary company has bought the property with building from Mr. Suradech for being the new office and plant in the future at the price of 27.34 million baht, including the purchase of one building which was affixed to the property of Khonkaen Cho Tawee (1993) Co., Ltd., the total amount of this transaction was 27.96 million baht which was higher than the appraisal price of 27.72 million baht appraised by independent appraiser</li> </ul>	<ul style="list-style-type: none"> <li>There was the appraisal of price appraised by independent appraiser who appraised for the public purpose and being the price with no significant difference with the appraised price</li> </ul>
	<ul style="list-style-type: none"> <li>Being the guarantor for the company's credit line with bank</li> </ul>	Guarantee line with 4 banks in total of 1,986.05 million baht	Guarantee line with 5 banks in total of 1,994.03 million baht	<ul style="list-style-type: none"> <li>The company has the loans agreement with bank with the condition that the director being guarantor to such credit line beside to other collateral, and the director did not charge any compensation for such guarantee</li> </ul>	<ul style="list-style-type: none"> <li>The transaction was reasonable and benefited to the company business, and the company have to do as to the bank's condition</li> </ul>
	<ul style="list-style-type: none"> <li>Being the guarantor for the subsidiary company's credit line with bank</li> </ul>	Guarantee line with 2 banks in total of 101.00 million baht	Guarantee line with 2 banks in total of 93.00 million baht	<ul style="list-style-type: none"> <li>The subsidiary company has the loans agreement with the bank with the condition that the director being guarantor to such credit line beside to other collateral, and the director did not charge any compensation for such guarantee</li> </ul>	

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
10. Ms. Asana Taweasangsakulthai - The company's shareholder in the portion of 2.80% of paid-up capitals as at 27/12/2013 - Director  - The executive committee - Senior Vice President	■ Being the guarantor for the company's credit line with bank	Guarantee line with 4 banks in total of 1,986.05 million baht	Guarantee line with 5 banks in total of 1,994.03 million baht	- The company has the loans agreement with the bank with the condition that the director being guarantor to such credit line beside to other collateral, and the director did not charge any compensation for such guarantee	- The transaction was reasonable and benefited to the company business, and the company have to do as to the bank's condition
	■ Being the guarantor for the subsidiary company's credit line with bank	Guarantee line with 2 banks in total of 101.00 million baht	Guarantee line with 2 banks in total of 93.00 million baht	- The subsidiary company has the loans agreement with the bank with the condition that the director being guarantor to such credit line beside to other collateral, and the director did not charge any compensation for such guarantee	- The transaction was reasonable and benefited to the company business, and the company have to do as to the bank's condition
11. Ms. Rungtiwa Taweasangsakulthai - The company's major shareholder in the portion of 2.16% of paid-up capitals as at 27/12/2013 - Senior Vice President	■ The company has paid for rental fee at the Bangkok office	1.40	0.00	- The company has rented the Bangkok office space at 100,000 baht per month	- The transaction was reasonable and benefited to the company business, and the company have to do as the bank's condition
	■ The creditor from such transaction at the end of accounting period	0.20	0.00		
	■ Being the guarantor for the company's credit line with bank	Guarantee line with 2 banks in total of 1,696.00 million baht	Guarantee line with 2 banks in total of 1,656.00 million baht	- The company has loans agreement with bank with the condition of the director being the guarantor to such credit line beside to other collateral, Ms. Rungtiwa has resigned from the company's director but still being the guarantor without charging any compensation from such guarantee	- The transaction was reasonable and benefited to the business and the rental fee being corresponded to appropriated market price
	■ Being the guarantor for the subsidiary company's credit line with bank	Guarantee line with 2 banks in total of 101.00 million baht	Guarantee line with 2 banks in total of 93.00 million baht	- The subsidiary company has loans agreement with bank with the condition of the director being the guarantor to such credit line beside to other collateral, Ms. Rungtiwa has resigned from the company's director but still being the guarantor without charging any compensation from such guarantee	- The transaction was reasonable and benefited to the company's business, and the company have to do as to the bank's condition

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2012	31 December 2013		
12. Mr. Surapol Taweasangsakulthai - The company's shareholder with the portion of 3.10% of paid-up capitals as at 27/12/2013 - The father of Mr. Siriwat Taweasangsakulthai (director)	■ Being the guarantor for the company's credit line with bank	Guarantee line with 3 banks in total of 1,366.05 million baht	Guarantee line with 4 banks in total of 1,444.03 million baht	- The company has loans agreement with bank with the condition that the director being the guarantor to such credit line beside to other collateral, Mr. Surapol has resigned from the company's director but still being the guarantor without charging any compensation from such guarantee	- The transaction was reasonable and benefited to the company's business, and the company have to do as to the bank's condition
	■ Being the guarantor to the subsidiary company's credit line with bank	Guarantee line with 1 bank in total of 65.00 million baht	Guarantee line with 1 bank in total of 25.00 million bah	- The subsidiary company has loans agreement with bank with the condition that the director being the guarantor to such credit line beside to other collateral, Mr. Surapol has resigned from the company's director but still being the guarantor from such guarantee	- The transaction was reasonable and benefited to the company's business, and the company have to do as to the bank's condition
13. Mr. Surachai Taweasangsakulthai - The brother of Mr. Suradech Taweasangsakulthai	■ Being the guarantor to the company's credit line with bank	Guarantee line with 3 banks in total of 1,366.05 million baht	Guarantee line with 4 banks in total of 1,421.90 million baht	- The company has loans agreement with bank with the condition that the director being the guarantor to such credit line beside to other collateral, Mr. Surachai has resigned from the company's director but still being the guarantor without charging any compensation from such guarantee	- The transaction was reasonable and benefited to the company's business, and the company have to do as to the bank's condition
	■ Being the guarantor to the subsidiary company's credit line with bank	Guarantee line with 1 bank in total of 65.00 million baht	Guarantee line with 1 bank in total of 25.00 million baht	- The subsidiary company has loans agreement with bank with the condition that the director being the guarantor to such credit line beside to other collateral, Mr. Surachai has been resigned from the company's director but still being the guarantor without charging any compensation from such guarantee	- The transaction was reasonable and benefited to the company's business, and the company have to do as to the bank's condition



## **12.2. The audit committee's opinion**

The audit committee's meeting No. 2/2557 on 25<sup>th</sup> February 2014 has considered and reviewed with company's managements, expressed the opinion that the related transactions with the person(s) or juristic person which may have the conflict of interest for the 2013 accounting period were reasonable, the determination of price or the condition of such transactions were fairness and compared with the appraised price by the independent appraiser, or the comparative market price whoever deem appropriated. So, it did not cause the disadvantage to the company.

## **12.3. The measure or the procedure in appraising the related transactions**

The board of directors' meeting No. 1/2556 on 4<sup>th</sup> January 2013 has approved in principles about the policy and procedure in doing related transaction, in order to have the transaction between person (s) or juristic person (s) which may have conflict of interest being transparency, and to save the company's benefits.

In case of the related transaction of the company or the subsidiary company with person (s) which may have conflict of interest, with interest, or may have the conflict of interest in the future, the company shall prepare for the opinion expressed by the audit committee concerning the essential and the appropriate of such transaction. In case that the audit committee has no expertise in considering such related transaction, the company will let the independent expert or the auditor of the company in expressing the opinion, for the decision of the board or the shareholders. The company shall disclose related transaction in remark to the audited financial statements and in form 56-1.

## **12.4. The policy or the trend in doing related transaction**

In the future, the company may have the related transaction as deem appropriate under the normal trade condition and can be referred to the trade condition of the same business which the company operates with the outside person (s). The company shall act as to rule of law pertaining to securities and stock exchange market, and regulations, notices, orders, of the market for alternative investment (MAI), including the performance as to regulations and disclose the information of doing related transaction, and the acquisition or disposal of significant assets of the listed company and the subsidiary company corresponded with accounting standard defined by the council of accounting profession.

In case that there will be the related transaction, the company and the subsidiary company shall act as to the announcement about the regulation dealing with procurement. The company shall also act as to the procedure of approving the related transaction mentioned in clause 11.3 that: there must be the comparison of price and condition from the distributors or other contractors who are not the related persons, and must have the quotation which clearly defines the price and condition, and being brought together in submitting to the audit committee for the expressing of opinion about the necessary and the appropriate of such transaction, before being proposed for the approval as per the measure of doing related transaction.

## 12.5. Measure in the future for the protection of Conflict of Interest

For the firm that has or may have the opportunity to perform business related to the company or the subsidiary company, and meets the measure of being the firm related to the company from having the affiliated directors and/or shareholders under the related regulation of the SEC, the company has not adjusted the structure by combining such firm to be under controlling power of the company. In order for the transparency in management, and in corresponded with the direction under the regulation of securities and stock exchange market act B.E. 2535 relating to the protection of minor shareholders' interests, the company has signed the agreement with such firm in defining the scope in operating business of each company, in order to remove the opportunity of having conflict of interest with the company. The followings are the related company, including the substance of agreements:

### 1. Khon kaen Cho Thavee (1993) Co., Ltd. ("CTV-1993")

Group of shareholders/person(s) with control power	: <u>The holding of shares</u> - Mr. Suradech Taweesaengsakulthai holds 97.38% of registered capitals - Ms. Asana Taweesaengsakulthai hold 0.69% of registered capitals  <u>The director</u> Mr. Suradech Taweesaengsakulthai
Business model	: Selling of truck's head, every type of trailer, and leasing for truck
Assets in ownership	: 164.78 million baht
Reason of not being in the group	: The difference in business model with the company
Measure in protecting conflict of interest	: <b>Agreement dated 15 June 2011 with the major point as follows:</b> 1. CTV-1993 will not do business in the same or like that of CTV-DOLL 2. CTV-Doll and CTV-1993 agree and guarantee to each other that; any operation between both contractor under this agreement must complied to law, regulation, notice, including rules and regulations of the SEC and the SET 3. CTV-Doll and CTV-1993 agree and accept that each party is unable to utilize human resources and assets of the other party for the benefits of its own
The binding time	: Start from date of signing agreement until the related contractor agree on the change

### 2. Volrep Truck and Bus Co., Ltd. ("Volrep")

Group of shareholders/person(s) with control power	: <u>Holding of shares</u> - Mr. Suradech Taweesaengsakulthai holds 85.00% of registered capitals - Ms. Asana Taweesaengsakulthai holds 5.00% of registered capitals  <u>The directors</u> Mr. Suradech Taweesaengsakulthai/ Ms. Asana Taweesaengsakulthai
Business model	: Selling of truck's head, trailer, spare parts of truck, and engine repairing
Assets in ownership	: 50.86 million baht

## 2. Volrep Truck and Bus Co., Ltd. ("Volrep")

(Audited financial statements as  
at 31 December 2012

Reason of not being in the : The difference in business model with the company  
group

Measure in protecting conflict of : **Agreement dated 15 June 2011 with the major point as follows:**  
interest

1. Volrep will not operate business in the same or like that of CTV-DOLL
2. CTV-Doll and Volrep agree and guarantee to each other that; any operation between both contractor under this agreement must complied to law, regulation, notice, including rules and regulations of the SEC and the SET
3. CTV-Doll and Volrep agree and accept that each party is unable to utilize human resources and assets of the other party for the benefits of its own

The binding time : Start from date of signing agreement until the related contractor agree on the  
change

In case of the related transaction between the company or the subsidiary company with the above mentioned related company, including the amendment of contract or agreement, such transaction shall be treated as transaction with the person (s) which may have conflict, and must have the opinion from audit committee and presented to the company board of directors for the consideration. Any director with interest or may have conflict of interest in related transaction, is unable to involve in the consideration of approving the related transaction complied to the regulation of the SET concerning related transaction, and will be disclosed in remark to the financial statements FORM 56-1, and annual report.

### 13. Financial positions and operation results

#### 13.1 Major Financial Information

##### A) The Auditor and summary of Auditor opinion

The auditor has audited financial reports of the company and the subsidiary company for the year 2011-2013 with the summary as follows:

The audited	: accounting period for year 2011 ending 31 <sup>st</sup> December 2011
Auditor	: M. R. and Associates Co., Ltd. by Mr. Mathee Ratanasrimetha CPA No. 3425, the auditor with the permission from the SEC
Auditor's Opinion	: Express the opinion without condition that the company's financial statements show the financial positions, operation results, and cash flow accurately as it should be in significant according to general accounting principles. The company's treatment corresponded to the council of accounting profession defining the adoption of new financial report standard as per the announcement from the council of accounting profession with the effective date on or after 1 <sup>st</sup> January 2010. The comparative financial statements for the year ending 31 <sup>st</sup> December 2010, were shown in new format corresponded with the financial statements for the year ending 31 <sup>st</sup> December 2011.
The audited	: accounting period for year 2012 ending 31 <sup>st</sup> December 2012
Auditor	: M. R. and Associates Co., Ltd. by Mr. Methee Ratanasrimetha CPA No. 3425 the auditor with the permission from the SEC
Auditor's opinion	: Express the opinion without condition that the consolidated financial statements and separated financial statement show the financial positions of consolidated and separated , operation results of consolidated and separated, and cash flow of consolidated and separated accurately as it should be in significant according to general accounting principles.
The audited	: accounting period for year 2013 ending 31 <sup>st</sup> December 2013
Auditor	: M. R. and Associates Co., Ltd. by Mr. Pisit Chiwaruangroch CPA No. 2803 the auditor with the permission from the SEC
Auditor's opinion	: Express the opinion without condition that the consolidated financial statements show the financial positions of consolidate and separated, operation results of consolidated and separated, and cash flow of consolidated and separated accurately as it should be in significant according to general accounting principles. Draw attention to Note 2. The Group has adopted Thai Accounting Standard No.12 "Income tax" starting from January1, 2013. The corresponding figures presented are based on the financial statements for the years ended December 31, 2012 and 2011 audited by another auditor in the same office, and after the adjustments described in Note 2. an audit of the adjustments that were applied to restate the corresponding figures. And show opinion, such adjustments are appropriate and have been properly applied.

**(B) Summary of financial positions and operation results (consolidated financial statements)**

Summary of consolidated financial positions	Audited					
	Ending 31Dec. 2011		Ending 31Dec. 2012		Ending 31Dec. 2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalent	12.11	1.61%	7.90	0.95%	3.65	0.36%
Trade accounts receivable	96.67	12.82%	117.80	14.14%	132.76	13.14%
Unbilled contract work in progress	90.05	11.94%	86.50	10.38%	203.19	20.11%
Short-term loans to related parties	149.43	19.81%	0.00	0.00%	0.00	0.00%
Other receivables from related parties	5.97	0.79%	16.55	1.99%	2.17	0.21%
Inventories-net	178.55	23.67%	190.86	22.91%	257.98	25.54%
Other current assets	15.42	2.04%	24.68	2.96%	22.29	2.21%
<b>Total current assets</b>	<b>548.19</b>	<b>72.68%</b>	<b>444.28</b>	<b>53.33%</b>	<b>622.04</b>	<b>61.57%</b>
Deposits at financial institutions under pledge	13.40	1.78%	13.40	1.61%	3.90	0.39%
Investment in subsidiary company	0.00	0.00%	0.00	0.00%	0.00	0.00%
Long-term investment	0.00	0.00%	1.00	0.12%	1.00	0.10%
Property, plant, and equipment-net	145.90	19.34%	328.36	39.42%	336.99	33.36%
Intangible assets-net	36.39	4.82%	34.09	4.09%	38.57	3.82%
Deferred tax assets	9.09	1.20%	10.21	1.23%	7.44	0.74%
Other non-current assets	1.26	0.17%	1.68	0.20%	0.30	0.03%
<b>Total non-current assets</b>	<b>206.03</b>	<b>27.32%</b>	<b>388.75</b>	<b>46.67%</b>	<b>388.20</b>	<b>38.43%</b>
<b>Total assets</b>	<b>754.23</b>	<b>100.00%</b>	<b>833.03</b>	<b>100.00%</b>	<b>1,010.24</b>	<b>100.00%</b>
Short-term loans from financial institution	474.01	62.85%	533.41	64.03%	332.32	32.90%
Trade account payables	69.61	9.23%	94.28	11.32%	109.41	10.83%
Current portion of finance lease liabilities	6.55	0.87%	7.25	0.87%	3.61	0.36%
Current portion of long-term loans	45.20	5.99%	20.35	2.44%	0.92	0.09%
Other payable to related party	0.62	0.08%	0.04	0.00%	0.27	0.03%
Advances received from customers	25.70	3.41%	14.26	1.71%	23.54	2.33%
Income tax payable	1.19	0.16%	3.75	0.45%	0.57	0.06%
Accrued expenses and other current liabilities	24.66	3.27%	36.10	4.33%	30.08	2.98%
<b>Total current liabilities</b>	<b>647.54</b>	<b>85.86%</b>	<b>709.43</b>	<b>85.16%</b>	<b>500.73</b>	<b>49.57%</b>
Liabilities as per financial leasing agreement-net	8.17	1.08%	2.65	0.32%	1.58	0.16%
Long-term loans-net	6.38	0.85%	5.23	0.63%	4.38	0.43%
Liability for post-employment benefits	5.27	0.70%	7.40	0.89%	9.90	0.98%
Share of loss of jointly-controlled entity	0.00	0.00%	0.00	0.00%	0.35	0.03%
<b>Total non-current liabilities</b>	<b>19.82</b>	<b>2.63%</b>	<b>15.28</b>	<b>1.83%</b>	<b>16.21</b>	<b>1.60%</b>
<b>Total liabilities</b>	<b>667.36</b>	<b>88.48%</b>	<b>724.71</b>	<b>87.00%</b>	<b>516.95</b>	<b>51.17%</b>
Authorized share capitals	130.00	17.24%	130.00	15.61%	270.00	26.73%
Issued and Paid-up share capitals	130.00	17.24%	130.00	15.61%	180.00	17.82%
Share premium	0.00	0.00%	0.00	0.00%	291.36	28.84%
Discount from increment of investment in subsidiary	(5.63)	-0.75%	(5.63)	-0.68%	(5.63)	-0.56%
Retained earnings (Deficit)	(37.50)	-4.97%	(16.05)	-1.93%	27.56	2.73%
<i>Appropriated for legal reserve</i>	0.00	0.00%	0.00	0.00%	1.52	0.15%
<i>Unappropriated</i>	(37.50)	-4.97%	(16.05)	-1.93%	26.04	2.58%
<b>Total shareholders' equity for parent company-net</b>	<b>86.87</b>	<b>11.52%</b>	<b>108.31</b>	<b>13.00%</b>	<b>493.29</b>	<b>48.83%</b>
Uncontrollable interests	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total shareholders' equity</b>	<b>86.87</b>	<b>11.52%</b>	<b>108.31</b>	<b>13.00%</b>	<b>493.29</b>	<b>48.83%</b>

Summary of statement of comprehensive income	Audited					
	Year 2011		Year 2012		Year 2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from contract	636.85	95.14%	625.66	93.40%	767.46	88.17%
Revenues from sales and services	32.50	4.86%	44.20	6.60%	102.95	11.83%
<b>Total revenues</b>	<b>669.35</b>	<b>100.00%</b>	<b>669.86</b>	<b>100.00%</b>	<b>870.41</b>	<b>100.00%</b>
Cost of contract work	519.29	77.58%	495.82	74.02%	600.12	68.95%
Costs of sale and services	31.16	4.66%	27.76	4.14%	79.32	9.11%
<b>Total costs</b>	<b>550.45</b>	<b>82.24%</b>	<b>523.58</b>	<b>78.16%</b>	<b>679.44</b>	<b>78.06%</b>
<b>Gross margin</b>	<b>118.90</b>	<b>17.76%</b>	<b>146.28</b>	<b>21.84%</b>	<b>190.97</b>	<b>21.94%</b>
Other income <sup>1</sup>	33.06	4.94%	21.30	3.18%	1.37	0.16%
Profits before expenses	151.96	22.70%	167.58	25.02%	192.34	22.10%
Selling and administrative expenses	83.51	12.48%	99.62	14.87%	113.31	13.02%
Operating profits	68.45	10.23%	67.96	10.15%	79.03	9.08%
Financial costs	41.35	6.18%	40.73	6.08%	28.10	3.23%
Share of lost of jointly-controlled entity	0.00	0.00%	0.00	0.00%	0.35	0.04%
Profits (loss) before taxes	27.10	4.05%	27.23	4.07%	50.58	5.81%
Corporate income taxes	2.81	0.42%	5.79	0.86%	6.96	0.80%
Profits (loss) for year	<b>24.29</b>	<b>3.63%</b>	<b>21.45</b>	<b>3.20%</b>	<b>43.62</b>	<b>5.01%</b>
Other comprehensive income for the year	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total comprehensive income for the year</b>	<b>24.29</b>	<b>3.63%</b>	<b>21.45</b>	<b>3.20%</b>	<b>43.62</b>	<b>5.01%</b>
<u>Profit and Comprehensive Income attributable to:</u>						
Equity holders of the parent	<b>24.01</b>	<b>3.59%</b>	<b>21.45</b>	<b>3.20%</b>	<b>43.62</b>	<b>5.01%</b>
Non-controlling interest	0.28	0.04%	0.00	0.00%	0.00	0.00%
Earning per share for parent company (baht/share)	18.47		16.50		0.07	
Common stocks par value (baht/share)	100.00		100.00		0.25	
Number of common stocks (million shares)	1.30		1.30		720.00	
<u>Adjusting of common stocks par value for comparison</u>						
Earning per share for parent company (baht/share)	0.05		0.04		0.07	
Common stocks par value (baht/share)	0.25		0.25		0.25	
Number of common stocks (million shares)	520		520		720	
<u>IPO and warrant (Fully Dilute)</u>						
Fully dilute (baht/share) <sup>2</sup>			0.03 <sup>2</sup>		0.04 <sup>3</sup>	
Common stocks par value (baht/share)			0.25		0.25	
Number of common stocks-after IPO and warrant (million shares)			720		1,079.9	

Remarks: /1other income comprised of: gain(loss) from currency exchange, income from management, rental income, interest income, and other income

/2 Fully dilute: computed from net profits in 2012 divided by total number of common stocks-after IPO in total of 720 million shares with par value of 0.25 baht/share

/3 Fully dilute: computed from net profits in 2013 divided by total number of common stocks-after warrant exercised in total of 1,079.9 million shares with par value of 0.25 baht/share

Summary of cash flow statement	Audited		
	Year 2011	Year 2012	Year 2013
Profits (loss) for year	24.29	21.45	43.62
Adjusting entry for the effect to net profits as cash received (paid) from operation activity	67.07	74.94	65.21
Profits (loss) from operation activity prior to the change in operational assets and liabilities	91.36	96.38	108.83
Trade account receivables	32.68	(22.50)	(14.42)
Unbilled contract work in progress	(17.34)	3.55	(116.70)
Inventory	(49.85)	(13.54)	(65.84)
Other account receivables to related party	(0.37)	(10.58)	14.38
Other current assets	(1.19)	(10.11)	2.35
Deposits at financial institutions under pledge	8.55	0.00	9.50
Other non-current assets	0.09	(0.42)	1.38
Assets from the operation increased/decreased	(27.42)	(53.60)	(169.35)
Trade account payables	12.42	24.40	12.28
Other account payables-related party	0.09	(0.58)	0.23
Amount of collection from customers exceeding the contract amount	(26.53)	(11.44)	9.28
Accrued expenses and other current liabilities	(8.63)	1.83	3.14
Liabilities from the operation increased/decreased	(22.65)	14.21	24.93
Cash received (paid) from operation	41.29	57.00	(35.59)
Tax expenses	(1.62)	(4.35)	(7.37)
<b>Net cash received (paid) from operation activity</b>	<b>39.67</b>	<b>52.65</b>	<b>(42.95)</b>
Interest income	0.50	20.40	0.29
Short-term loans to related party decreased (increased)	44.33	91.39	0.00
Long-term investment-increased	0.00	0.00	0.00
Investment in subsidiary company-increased	(3.00)	(1.00)	0.00
Cash received from selling of fixed assets	0.14	0.84	0.00
Fixed assets-increased	(25.26)	(152.95)	(38.62)
Intangible assets-increased	(17.93)	(1.68)	(8.48)
<b>Net cash received (paid) from investment activity</b>	<b>(1.22)</b>	<b>(43.02)</b>	<b>(46.81)</b>
Interest expenses	(41.09)	(40.35)	(26.85)
O/D and short-term loans from financial institution increased (decreased)	32.62	59.40	(201.90)
Short-term loans from related business decreased (decreased)	(0.05)	0.00	0.00
Long-term loans from financial institution increased (decreased)	0.00	6.00	0.00
Payment of long-term loans from financial institution	(35.51)	(32.01)	(20.27)
Liabilities as per financial lease agreement from sales and lease back	0.00	0.00	0.00
Payment of liabilities as per financial lease agreement	(6.43)	(6.88)	(7.23)
Cash received from increased capitals	10.00	0.00	360.00
Expense relating to capital increase	0.00	0.00	(18.24)
<b>Net cash provided by (used in) financing</b>	<b>(40.46)</b>	<b>(13.84)</b>	<b>85.52</b>
<b>Cash and cash equivalent increased (decreased) net</b>	<b>(2.01)</b>	<b>(4.22)</b>	<b>(4.24)</b>
Cash and cash equivalent-Beginning	14.12	12.11	7.89
<b>Cash and cash equivalent-Ending</b>	<b>12.11</b>	<b>7.89</b>	<b>3.65</b>

## (C) Summary of major financial ratio

Financial ratio		Year 2011	Year 2012	Year 2013
<b>Liquidity ratio</b>				
Current ratio	Time	0.85	0.63	1.24
Quick ratio	Time	0.31	0.30	0.68
Cash flow liquidity ratio	Time	0.06	0.08	(0.07)
Account receivables turnover ratio	Time	6.01	6.50	6.95
Collection period	Days	60	55	52
Inventory turnover ratio	Time	3.53	2.75	3.03
Average day sales	Days	102	131	119
Account payables turnover ratio	Time	8.63	5.56	6.67
Payment period	Days	42	65	54
Cash cycle	Days	120	121	117
<b>Profitability Ratio</b>				
Gross profits	%	17.76%	21.84%	21.94%
Operating profits	%	10.23%	10.15%	9.08%
Other profits	%	0.00%	0.00%	0.00%
Cash to earning	%	57.95%	77.46%	-54.35%
Net profits	%	3.59%	3.20%	5.00%
Earning per share	%	33.29%	20.90%	14.50%
<b>Efficiency ratio</b>				
Return on assets	%	3.21%	2.63%	4.73%
Return on fixed assets	%	27.54%	15.51%	18.47%
Assets cycle	Time	0.90	0.82	0.94
<b>Financial policy ratio</b>				
Debts to equity ratio	Time	7.68	6.69	1.05
Interest coverage ratio <sup>/1</sup>	Time	2.03	2.43	3.87
Cash basis <sup>/1</sup>	Time	0.95	1.35	1.95
Dividend payout ratio	%	0.00%	0.00%	24.76%

Note : /1 Calculate from cash received from operation activity plus unbilled contract work in progress equal to net cash received from operation activity



## 14. Management's analysis and description

### 14.1 Operation results

#### Overall operation results in the past

The company operates the business in designing, inventing, manufacturing, combining and installing of engineering system relating to automobile for commercial. The company also combines global technology about rail system, logistics, and defense industry, with professional management such as: catering hi-loaders truck, fire-fighting truck, rescue truck, beverage loading truck, postal transport truck, trailer/semi-trailer, OPV project management, project of repairing services and repairing center for Linfox for truck, trailer/semi-trailer of Tesco-Lotus. The company manufactures of products as to the customers' order (made to order) in private sector and government sector within the country and oversea. The company has one subsidiary company who operates the business in designing, manufacturing, assembling, and installing of light-weighted fiber glass chiller for loading of fresh and dry cargo. In consideration of the company's operation results during past three years, the company and its subsidiary reported of revenues from 2 business models which were revenues from contract at the portion of 85%-95% of total revenues, and revenues from sales and services at the portion of 5%-15% of total revenues.

In the year 2011-2013, the company and its subsidiary reported total revenues equal to 669.36 million baht, 669.86 million baht, and 870.41 million baht respectively. The company reported the comprehensive profits (the parent company only) equal to 24.01 million baht, 20.33 million baht, and 43.62 million baht respectively.

As at 31<sup>st</sup> December 2013, the company and the subsidiary company has backlog for 469.21 million baht comprised of 472.78 million baht for the company, and 23.43 million baht for the subsidiary company (details as per clause 2.8 backlog page 1.2-21), the company set the revenues growth target in 2014 of not less than 15% of revenues in 2013.

#### Operation results

##### Revenues

Total revenues of the company and the subsidiary company for accounting period of 2011-2013 equal to 669.36 million baht, 669.86 million baht, and 870.41 million baht respectively. The changes as per type of revenues shown as follows:

Type of revenues	2011		2012		2013	
	Million baht	%	Million baht	%	Million baht	%
Revenues from contract	636.85	95.14%	625.66	93.40%	767.46	88.17%
Revenues from sales & Services <sup>/1</sup>	32.51	4.86%	44.20	6.60%	102.95	11.83%
<b>Total revenues</b>	<b>669.36</b>	<b>100.00%</b>	<b>669.86</b>	<b>100.00%</b>	<b>870.41</b>	<b>100.00%</b>
Other revenues <sup>/2</sup>	33.06	4.94%	21.30	3.18%	1.37	0.16%
<b>Grand total revenues</b>	<b>702.41</b>		<b>691.16</b>		<b>871.78</b>	

Remarks: /1 –revenues from sales comprised of sales of spare parts, sales of sample product (prototype), sales of product in warehouse

/2 –other revenues comprised of gain/loss from currency exchange, other management fee, rental income, interest income, and others

### Revenues sourced by country 2011-2013

clime	2011		2012		2013	
	Million baht	%	Million baht	%	Million baht	%
Thailand	273.82	40.91%	351.60	52.49%	505.75	58.10%
United Arab Emirates	45.90	6.86%	188.52	28.14%	122.65	14.09%
Singapore	45.73	6.83%	0.00	0.00%	28.72	3.30%
Korea	59.55	8.90%	0.04	0.01%	22.33	2.57%
Other	244.36	36.51%	129.69	19.36%	190.96	21.94%
<b>Total revenues</b>	<b>669.36</b>	<b>100.00%</b>	<b>669.86</b>	<b>100.00%</b>	<b>870.41</b>	<b>100.00%</b>

In 2011-2013, the company and its subsidiary reported the portion of increased in domestic sales resulting from the expansion of domestic market in standard product section and the entry into AEC of Thailand. Income increased in service and management project section from project management with group of customer. The company has continuously sold to overseas market with the main customers in the country like: United Arab Emirates in the portion of 6.86%, 28.14%, and 14.09% of the total revenues in 2011-2013 respectively, and the country in Asia such as Singapore, Malaysia, Vietnam, Korea, and Hong Kong.

### Revenues from contract

Revenues from contract are revenues from OEM with definitely price specified in agreement. The company realization of revenues as per percentage of completion method that is; whenever the performance as per contract can be reliably estimated as to the completion of work, the revenues from contract will be realized in the statements of comprehensive income by computing from the percentage of completion at date of reporting. The stage of completion as per contract computed from the portion of the cost of completion until date of reporting with total estimated cost of work as per contract. In case that there was the quite exact feasibility that the total costs of the project exceeding value of revenues as per contract, the company will realize such estimated loss as the expenses in the statement of comprehensive income. The revenues that have been realized before the maturity of collection as per contract, will be shown as value of completion work pending for collection from customers in the financial positions.

Revenues from contract comprised of: revenues from the designing of the body and installing of engineering system relating to automobile for commercial. There are two groups of product which are the group of standard products and the group of special designed product. Revenues from project management and services incurred from the designing, manufacturing, and installing of light-weighted fiber glass chiller of the subsidiary company that will be classified as the group of standard product. The company and its subsidiary reported revenues from contact classified as group of product in 2011-2013 shown as follows:

Type of revenues	operated by	2011		2012		2013	
		MB	%	MB	%	MB	%
1) Standard Product		181.72	28.53%	275.81	44.08%	353.89	40.66%
- truck,trailer/semi-trailer	company	143.94	22.60%	140.97	22.53%	218.39	25.09%
- fiber glass container	company	37.79	5.93%	134.84	20.15%	135.50	15.57%

Type of revenues	operated by	2011		2012		2013	
		MB	%	MB	%	MB	%
	/subsidiary						
2) Special Designed Product		363.47	57.07%	348.06	55.63%	413.57	47.51%
- catering hi-loaders truck	company	360.45	56.60%	348.06	55.63%	376.72	43.28%
- fire-fighting truck/rescue	company	3.02	0.47%	0.00	0.00%	0.00	0.00%
- vehicle for the army	company	0.00	0.00%	0.00	0.00%	36.85	4.23%
3) Project Management	company	91.66	14.39%	1.79	0.29%	102.95	11.83%
<b>Total</b>		<b>636.85</b>	<b>100.00%</b>	<b>625.66</b>	<b>100.00%</b>	<b>870.41</b>	<b>100.00%</b>

In 2011-2013, the company and its subsidiary reported the most ultimate value of revenues from contract from special designed product in continuous, with the revenues of 363.47 million baht, 348.06 million baht, and 413.57 million baht or 57.07%, 55.63%, and 47.51% respectively. From 2011 until present, catering hi-loaders truck generated revenues ranking No. 1 in special designed product group. Since the company emphasizes much more on the marketing of catering hi-loaders truck which is the product that company has the expertise, with the improving of diversification models for every airplane model and every size of containing of passenger. The company has developed the technology and production process for more rapidly, and has been accepted by the customers in airline catering business worldwide. The company has also designed and developed catering hi-loaders truck for airbus A380 which is the largest airplane at the present, this requires knowledge in engineering and technology of accuracy engineering. The company is one of the two manufacturers in the world. In 2012, the company sold such product ranking No. 1 of the world. For the vehicle for army, the company granted new order in 2013. The company has not sold the fire-fighting truck and the rescue truck since 2012, with the main reason from the limitation of price competition from the factor of import tax for equipment and component which have to be imported from abroad for the good quality of products. The company also emphasizes on the production of manufacturing the catering hi-loaders truck, and large trailer for the business of logistics within the country with the purchase in large quantity and in continuous.

In 2011-2013, the company and its subsidiary reported revenues from contract in group of standard product for 181.72 million baht, 275.81 million baht, and 353.89 million baht or 28.53%, 44.08%, and 40.66% of total revenues from contract respectively. The products being sold comprised of: trucks, trailers/semi-trailers which required the specialization such as: the truck capable in transportation of large products and with heavy weights as special, which required modern designing and technology in engineering system. The company can make the differentiation from other competitors, and capable of building value added to such production. The other main product in this group is light-weighted fiber glass chiller which is the subsidiary company's product and marketing, this kind of product has the growth in revenues in continuous since 2010.

As for revenues from project management, since 2009 until present, the company has participated in project management and was the consultant for the navy OPV product to Bangkok Dock Co., Ltd. In 2011-2013, the company reported revenues from project management for 91.66 million baht, 1.79 million baht, and 9.49

million baht or 14.39%, 0.29% and 1.09% of total revenues from contract respectively. This project has been finished already in 2013.

In 2013, the company received the agreement of project management in repairing trailer and semi-trailer from Linfox transport (Thailand) Co., Ltd. ("Linfox") and Ekkachai distribution system Co., Ltd. ("Tesco-Lotus"). The company has recoded as revenues from services (details under the passage of revenues from sales and services).

#### Revenues from sales and services

The company and its subsidiary company realization of revenues from sales in the statement of comprehensive income upon the transferring of risk and return with the substance of being owner of product with significant, to the buyers. Revenues from sales comprised of sales of some type of spare parts which imported from abroad for being used in manufacturing as normal. More than 80% were sold to foreign customers who requested for the production of truck from the company especially for catering hi-loaders truck, and the rest of 20% were sold to domestic customers. Revenues from sales also include sales of sample product (prototype) or sales of product in warehouse. In 2013, the company realized revenues in the amount of 37.23 million baht or 36.16% of revenues from sales and services, from selling of product to project of navy OPV to Bangkok Dock Co., Ltd.

The company realization of revenues from services upon providing of services, such revenues derived from providing of repairing the product, most of the repairing are for the customers' truck after the warranty period, and for the truck purchased from the company and the subsidiary company only. The company normally guarantee for the product in average of 1 year. In 2013, the company received the contract from Linfox transport (Thailand) Co., Ltd. ("Linfox") and Ekkachai distribution system Co., Ltd. ("Tesco-Lotus") for project management in repairing total of 1,000 trailers and semi-trailers for the repairing center of Tesco-Lotus at Lamlukka center, Wangnoi center, Samkoke center, and Bangbuathong center. The company foresee the opportunity in increasing revenues from repairing service by renting of property for 4 rai at Amphur Wangnoi, Phranakornsriayudhya as the center for repairing the truck in case of long time of repairing caused by accident, and also provide the repairing service for other customers and general customers. This enable to the increased of the potential in taking care of the customers at Wangnoi center which ia located near Bangkok. It also increased the opportunity in providing more repairing services for Linfox and Tesco-Lotus. Currently, there are many customers would like to do the agreement with the company, and under the negotiation on the condition. The proportion of revenues from sales and services in 2011-2013 being shown as follows:

Type of revenues	2011		2012		2013	
	Mill.baht	%	Mill.baht	%	Mill.baht	%
Revenues from sales	15.45	47.52%	10.87	24.60%	49.43	48.01%
Revenues from services	17.06	52.48%	33.33	75.40%	53.52	51.99%
<b>Total</b>	<b>32.51</b>	<b>100.00%</b>	<b>44.20</b>	<b>100.00%</b>	<b>102.95</b>	<b>100.00%</b>

### Other revenues

Other revenues comprised of revenues from management, rental revenues, interest income, profits (loss) from currency exchange. In 2011-2013, the company and its subsidiary reported other revenues for 33.06 million baht, 21.30 million baht, and 1.37 million baht or 4.94%, 0.16%, and 3.18% of total revenues respectively. The interest income will be decreased as to the reason that the company and its subsidiary has already received payment from loans to related persons since December 2012. The company and its subsidiary has no policy in lending to related person or other person, except for lending to subsidiary company for being used as working capitals.

### Costs and gross profits

Costs from the contract comprised of: raw material costs, salary and production wages in various sections, outsourcing costs, and manufacturing overhead costs. The company recorded costs from contract in the statement of comprehensive income by referring to percentage of completion based on the reliability of the estimation of performance as per contract. In case of the exact feasibility that all of the contract costs exceeding revenues, the company shall realize the expected loss as expenses in the statement of comprehensive income. In case that the company cannot reliably estimate to the performance as per contract, the company shall realize costs from contract as expenses in the statement of comprehensive income in the period of incurring of such costs.

Costs from sales and services comprised of: costs of goods sold, salary and wages of related section, and allocation costs from central.

The company defines policy in determining contract price with margin of not under 15%, and reviews, in each quarter or whenever there is the factor affected significantly to the costs, the estimation of production costs corresponded to actual costs.

In 2011-2013, the company and its subsidiary reported costs from contract equal to 519.29 million baht, 495.82 million baht, and 600.12 million baht or 77.58%, 74.02%, and 68.95% of total revenues respectively. The proportion of costs has been decreased in 2012 from 2011 since the company has realized revenues from group of product with higher profits per unit. But in 2013, the company has the increasing of marketing in group of standard product, in order to reduce the risk from depending only on special group of business which affected to increased costs from contract. Since the group of standard product generated profits less than the group of special designed product, and costs of goods sold and services equal to 31.16 million baht, 27.76 million baht, and 79.32 million baht or 4.66%, 4.14%, and 9.12% of total revenues respectively. The portion of costs of goods sold and services has been continuously decreased since the company's portion of revenues from services has been increased in continuous every year, revenues from services contributed more profits than revenues from sales.

In 2011-2013, the company and its subsidiary reported gross profits equal to 118.90 million baht, 146.28 million baht, and 190.97 million baht or 17.76%, 21.84% and 21.94% of total revenues respectively. The company's gross profits has the direction of increasing in 2012 and decreasing in 2013, since the company focus

much more on the marketing of product in standard product group, and has much more expansion of revenues from services, in order to reduce risk from depending only on special group of business. The company also has the costs of production to be managed in maintaining the ability in contributing gross profits as per target.

#### Selling and administrative expenses

Selling and administrative expenses comprised of: personnel expenses, expenses from exporting of goods to foreign customers, domestic transportation expenses, and other administrative expenses.

In 2011-2013, the company and its subsidiary reported selling and administrative expenses equal to 83.51 million baht, 99.62 million baht, and 113.31 million baht respectively. The increased of expenses in 2013 was due to the reason that the company has exported much more of products especially for catering hi-loaders trucks. The company also has the increased of salary and fringe benefits including employees' benefits, payment of fees in acting in accordance with the regulations of being listed company, promotional expenses, and expenses relating to the management of collecting of payment from debtors.

#### Earnings before interests and taxes

The company and its subsidiary has the ability in making profits from operation in good basis and in the better situation in continuous. In 2011-2013, the company and its subsidiary reported profits from operation equal to 68.45 million baht, 67.96 million baht, and 79.03 million baht or 10.23%, 10.15%, and 9.08% respectively. Since 2010, the company has adjusted its business strategy by focusing on the marketing of product with its expertise which required modern technology such as catering hi-loaders truck, trailer/semi-trailer specially designed for electricity authority and big logistics company.

#### Financial costs

In 2011-2013, the company and its subsidiary reported financial costs equal to 41.35 million baht, 40.73 million baht, and 28.10 million baht respectively. Financial costs incurred from the company and its subsidiary has much of loans obligation with finance institutions. Since the company's products have high value, and take longer time of 3-6 months in production. Furthermore, the delivery of products is not made in each unit, but to be delivered in some part of purchase order. So, the company has the necessity in utilizing of short-term loans for purchasing of equipment, supplies, and components from abroad. In 2011-2013, the company and its subsidiary reported short-term loans from financial institution for 474.01 million baht, 533.41 million baht, and 332.32 million baht respectively, and affected to higher financial costs in 2011-2012. In 2013, the company has been registered in the SET and has raised the additional capitals for working capitals plus surplus of shares value equal to 341.36 million baht, caused to the decreased in financial costs. In addition, the company has issued, in 2013, the warrants with the first exercise date on 30<sup>th</sup> December 2014 and at the end of working day of next each quarter until last exercise date on 27<sup>th</sup> October 2016. The company has the additional capitals for much more working capitals, and the company has the opportunity in raising funds through other financial instrument in the future.

#### Corporate income tax

In 2011-2013, the company has paid the corporate income tax for 2.81 million baht, 5.79 million baht, and 6.96 million baht or 10.37%, 21.25%, and 13.77% of earnings before tax respectively. In 2011 and 2013, the company has sold and has profits from the products granted BOI which was metal and aluminum container, and government policy in reducing the corporate income tax to be 20% of net profits.

#### Net profits and net profits ratio

In 2011-2013, the company and its subsidiary reported comprehensive income (for the parent company only equal to 24.01 million baht, 21.45 million baht, and 43.62 million baht equal to the company's net profits ratio (for the parent company only) of 3.59%, 3.10%, and 5% of total revenues respectively. In 2011, the company and its subsidiary reported profits from the marketing of projects with special expertise, including the adjustment of business strategy with the effectiveness, which caused to the ability of the company in making higher profits. In 2012, the company and its subsidiary reported the decreased profits due to the adjustment of salary and fringe benefits for the employees, and with the expansion of marketing, including the increased of corporate income tax from the decreased of profits from BOI. In 2013, the company and its subsidiary reported the increased profits from marketing expansion, and the increased profits from BOI which caused to the decreased in corporate income tax.

#### Rate of return on equity

The company and its subsidiary reported rate of return on equity in 2011-2013 equal to 33.29%, 20.90%, and 14.50% respectively. The company has the equity (only for the parent company) equal to 77.78 million baht, 112.12 million baht, and 483.82 million baht respectively. The reason that return on equity was decreased in 2012 due to the company and its subsidiary reported comprehensive income (only for the parent company) was decreased. The equity (only for the parent company) was higher from the increased in the profits of the company and its subsidiary.

#### **14.1.1 Financial status of company.**

##### Assets

The company and its subsidiary reported total assets in 2011-2013 equal to 745.14 million baht, 833.03 million baht, and 1,020.24 million baht respectively, with the details as follows:

##### ➤ **Cash and cash equivalent**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported of cash and cash equivalent equal to 12.11 million baht, 7.90 million baht, and 3.65 million baht respectively comprised of petty cash and cash deposited in bank as saving account, current account, and fixed account which were decreased based on cash management at the end of each accounting period.

➤ **Account receivables and allowance for bad debts**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported account receivables –net equal to 96.67 million baht, 117.80 million baht, and 132.76 million baht respectively. The company and its subsidiary offers credit terms to the debtors in average of 30-60 days from invoice date. The average collection period in 2011-2013 equal to 60 days, 55 days, and 52 days respectively, the company has the better effectiveness in managing of debts collection.

The following is the summary of account receivables as per aging as at 31<sup>st</sup> December 2011-2013

(unit :million baht)

Aging	31 <sup>st</sup> December 2011	31 <sup>st</sup> December 2012	31 <sup>st</sup> December 2013
Current	39.80	81.11	35.53
Not over 3 months	13.65	26.42	86.23
Over 3 months – 6 months	0.07	0.21	5.93
Over 6 months – 12 months	3.80	1.26	4.14
Over 12 months	40.38	11.24	3.58
<b>Total</b>	<b>97.70</b>	<b>120.24</b>	<b>135.41</b>
Less allowance for doubtful account	(1.03)	(2.44)	(2.65)
<b>Account receivables – net</b>	<b>96.67</b>	<b>117.80</b>	<b>132.76</b>

The company and its subsidiary has estimated the allowance for bad debts from the estimation of uncollectable account receivables and the analysis of historical payment, and the estimation of payment in the future, as the basis in considering for the aging overdue payment. The company will record the allowance for bad debts account in full amount for the account receivables with the overdue more than 12 months, except in the case of the estimation that the company will definitely receive the payment. As at 31<sup>st</sup> December 2011-2013, the allowance for bad debts account equal to 1.03 million baht, 2.44 million baht, and 2.65 million baht respectively. At the end of 2011-2013, there were account receivables with the overdue more than 12 months for 39.40 million baht, 8.8 million baht and 0.93 million baht respectively. The company expected for the payment definitely. The executive managements perceived that the record of allowance for doubtful account was sufficient.

➤ **Unbilled contract work in progress from customers**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary has the value of completion work pending for collection from customers equal to 90.05 million baht, 86.50 million baht, and 203.19 million baht respectively, due to the realization of revenues as per the percentage of completion but not reach the maturity to the due of collection.

➤ **Loans to and interests income from related person and party**

AS at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported loans to and interests income from related person and business equal to 149.43 million baht, and the company has already received the payment of loans and accrued interest income. The borrower has sold the property and building with the value of 95.60 million baht to the company comprised of: the house which was used as the welfare house for the executive managements without compensation, including the property near the plant without



compensation, which was used by the company for its benefits and as the collateral for the loans from financial institution. The board of directors has considered that purchasing of the property and building has the potential for the investment in business expansion of the company and its subsidiary in the future. The determination of acquisition price equal to the appraisal price appraised by the appraiser accepted by the association of the appraisers, and the board of directors expressed the opinion that the price was the fairness price. The differential of debts obligation and the price of the acquisition of such property and building has been already settled by the source of funds of the company on 20<sup>th</sup> December 2012.

➤ **Inventory**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported inventory equal to 178.55 million baht, 190.86 million baht, and 257.98 million baht respectively. Most of the inventory comprised of: equipment and components in warehouse or in transit to warehouse, work in process, finished goods, and supplies.

➤ **Deposits at financial institutions under pledge**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported deposits at financial institutions under pledge equal to 13.40 million baht, 13.40 million baht and 3.90 million baht respectively. There were used as collateral for credit facility from finance institution such as: O/D, bank guarantees. In 2013, the company has release of guarantee obligations of 9.5 million baht.

➤ **Property, plant, and equipment**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported property, plant, and equipment equal to 145.90 million baht, 328.36 million baht, and 336.99 million baht comprised of: property at the location of the company's head office, plant, head office building and the improvement of building, office equipment, office supplies, and vehicles. In 2012, the company has invested in additional of property, building and equipment in approximate of 212.05 million baht comprised of: concrete fence around the factory and the drainage in preventing of flood, the investment in building of plant for the expansion of spaces in the factory, the investment of machines for the enhancing of production capacity for the company and the subsidiary company, and the transferring property and building as the settlement of debts from the borrower of loans. The property which is the location of factory and head office with total areas of 48-2-16.1 rai recorded in the report of financial positions with the value of 28.00 million baht which was recorded at par value, the company has made the adjusted the value of property as per market value.

Sources of funds

Liabilities

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported total liabilities equal to 667.36 million baht, 724.71 million baht, and 516.95 million baht respectively, with the details as follows:

➤ **Short-term loans from financial institution**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported short-term loans from financial institution equal to 474.01 million baht, 553.41 million baht, and 332.32 million baht respectively, short-term loans being debt obligations as per credit facility supported by financial institution to the company and its subsidiary for using as working capitals such as: O/D, T/R, P/C, P/N. The company and its subsidiary

reported the increased of debts obligation in 2012 from the increased of the utilization credit facility for the purchasing of equipment or components for many projects that the company has received order and L/C from domestic and overseas customers. In 2013, the company and its subsidiary reported the decreased debts obligation, since the company has raised from the SET.

➤ **Account payables**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported account receivables equal to 69.61 million baht, 94.28 million baht, and 109.41 million baht respectively. Most of account payables were trade account payables with the credit terms in average of 50 days, the average payment period in 2011-2013 equal to 42 days, 56 days, and 54 days respectively.

➤ **Estimation of employees' benefits liabilities**

As from 1<sup>st</sup> January 2012, the company and its subsidiary has adopted the Thai accounting standard edition 19<sup>th</sup> subject: the employees' benefits, the insurance mathematician has estimated the employees' benefits, and the executive managements has recorded employees' benefits liabilities incurred before 2012 by adjusting the accumulated profits at the beginning of 2011 accounting period.

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary company recorded the estimation of employees' benefits liabilities equal to 5.27 million baht, 7.40 million baht, and 9.90 million baht respectively.

➤ **Shareholders' equity**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary reported shareholders' equity equal to 86.86 million baht, 108.31 million baht, and 493.29 million baht respectively. At 31<sup>st</sup> December 2013, the company has registered capitals equal to 270 million baht, and paid-up capitals of 180 million baht, surplus of stocks value equal to 291.36 million baht, discounts from investments in the subsidiary company equal to 5.63 million baht, the unappropriated profits of 26.04 million baht, and legal reserved equal to 1.52 million baht.

➤ **Structure of funds**

As at 31<sup>st</sup> December 2011-2013, the company and its subsidiary has D/E ratio equal to 7.68 time, 6.69 time, and 1.05 time respectively. D/E ratio in 2011-2013 has been continuously decreased from the decreased of total liabilities, while shareholders' equity has been increased from paid-up capitals in 2011 for 10 million baht and in 2013 of 140 million baht. In 2011-2013, the profits from operation were growing continuously.

➤ **Liquidity**

		31 <sup>st</sup> December		
		2011	2012	2013
Cash and cash equivalent	million baht	12.11	7.90	3.65
Current assets	million baht	548.19	444.28	622.04
Current liabilities	million baht	647.54	709.43	500.73
Liquidity ratio (Current assets/current liabilities)	time	0.85	0.63	1.24
Cash flow from operation activity	million baht	39.67	52.65	(42.95)

Liquidity ratio as at the end of 2011-2013 equal to 0.85 time, 0.63 time, and 1.24 time respectively. In 2012, the current assets has been decreased from the decreased of loans to and accrued interests income from related person or business ( the settlement of loans mostly from the transferring of assets), the increased of current liabilities from the increased of short-term loans from financial institution for the purchasing of raw materials and for working capitals. In 2013, the company has received the increased capitals from funds raised through the SET, in supporting of better liquidity)

➤ **Financial ratio regulations**

A bank who granting credit facility to the company and its subsidiary has determined the regulation in maintaining D/E ratio not over than 3 times, and DSCR not less than 1.2 times of consolidated financial statements.

➤ **Capital expenditures**

The company and its subsidiary has no significant capital expenditures in 2011 and 2013, but in 2012, the company and its subsidiary has invested in debenture of a financial institution for 1 million baht, and invested in property, plant, and equipment in approximate of 212.05 million baht comprised of: concrete fence around the factory and the drainage in preventing flood, the investment in building of plant for the expansion of spaces in the factory, the investment of machines for the enhancing of production capacity for the company and its subsidiary, and the transferring of property and building as the settlement of debts from the borrower of loans.

**Factor which might have impact to the operation or financial positions in the future**

The factor and the influence which might have impact to the operation or financial positions in the future beside to those mentioned under the clause of risk factor is:

**The decreased of earnings per share from dilution effect**

From the accounting period ending 31<sup>st</sup> December 2013, the company has registered capitals of 270 million baht, and fully paid-up capitals for 180 million baht comprised of 720 million common stocks with par value of 0.25 baht per share. The company reported net profits for the parent company equal to 43.62 million baht or earnings per share of 0.07 baht/share. The company has issued warrants for 359.90 million units with the convertible ratio of 1 warrant to 1 common stock, the first exercise date will be on 30<sup>th</sup> December 2014, and the last date of next quarter until 27<sup>th</sup> October 2016, which will be the last exercise day. This may affect to the company's earnings per share to be decreased in the future in case that the company cannot generate revenues and net profits with the growth rate much more than the increased of the number of common stocks.

### Details on directors, administrator, controlling persons of the Company and company secretary

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
1.	Ms. Phenphimol Vejvarut  - Board of Director Committees, Chairman	53	- Diploma, Faculty of Accountancy, Bangkok Business College  - Certificate, Thai Institute of Directors  ● Director Accreditation Program (DAP) SET/2012	Older Sister of Mr. Suradech Taweesaengsakulthai	-	2012 - at Present   1989 - at Present  1967 - at Present	- Chairperson of the Company Cho Thavee Dollasien Public Company Limited.  - Director, Bangkok CTV Intertrade Co.,Ltd.  - Managing Partner, Tang Hua Singh Nakhon Pathom Ltd. Partnership	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge strive for excellence.  - Import and export of handicrafts, souvenirs, and Clothing bags.  - Trading and repair of truck and trailer and trading of spare parts.
2.	Mr. Suradech Taweesaengsakulthai  - Director - Directors authorized the signing - Executive Committee, Chairman - President and Chief Executive Officer	48	- Diploma, Automotive Engineering, Yomiuri Rikosem College, Japan - Faculty of Business Administration, Sanno University, Japan ● Certificate, Thai Institute of Directors ● Director Accreditation Program (DAP), class 82/2010	Younger Brother of Ms. Phenphimol Vejvarut	45.34	1995 - at Present   2005 - at Present  1996 - at Present	- Director, Executive Committee, Chairman, President and Chief Executive Officer, Cho Thavee Dollasien Public Company Limited.  - Director, Cho Thavee Termotech Co., Ltd.  - Director, A P S Multi-Trade Co., Ltd.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.  - Incorporate business of designing, manufacturing, assembling and installing light weight fiberglass. refrigerated containers.  - Trading of agricultural machinery and equipment.

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Suradech Taweesaengsakulthai (Continue)					1992 - at Present	- Director, Volrep Truck and Bus Co., Ltd.	- Distributor of truck head, trailers, truck parts and repair.
						1990 - at Present	- Director, Khon Kaen Cho Thavee (1993) Co., Ltd.	- Distributor of all types of trucks' and trailers' cabs. The company also offers trucks' financial leasing.
						1977 - at Present	- Director, Khon Kaen Cho Thavee Limited Partnership	- Trading of vehicles.
						1977 - at Present	- Director, Chia Eam Seng Co., Ltd.	- Trading of vehicles and industrial equipment.
3.	Ms. Asana Taweesaengsakulthai  - Director - Directors authorized the signing - Executive Director - Senior Vice President	59	- Bachelor Degree, Faculty of Humanities, Ramkhamhaeng University  - Certificate, Thai Institute of Directors ● Director Accreditation Program (DAP) SET/2012	Older Sister of Mr. Suradech Taweesaengsakulthai	2.80	1995 - at Present	- Director, Executive Director, Senior Vice President, Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.
						2005 - at Present	- Director, Cho Thavee Termotech Co., Ltd.	- Incorporate business of designing, manufacturing, assembling and installing light weight fiberglass.
						2009 - at Present	- Director, O J Development Co., Ltd.	- Rental retail area.
						1993 - at Present	- Director, Energy System Co., Ltd.	- Manufacturing of electronic circuit board.

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Ms. Asana Taweessangsakulthai (Continue)					1992 - at Present	- Managing Director, Volrep Truck and Bus Co., Ltd.	- Distributor of truck head, trailers, truck parts and repair.
						1989 - at Present	- Director, Bangkok CTV Intertrade Co.,Ltd.	- Import and export of handicrafts, souvenirs, and Clothing bags.
4.	Mr. Siriwat Taveesangskulthai  - Director - Executive Director	36	- Master Degree in Management, Brunel University  - Bachelor Degree in Economics, Rissbo University  - Certificate, Thai Institute of Directors ● Director Accreditation Program (DAP) class 82/2010	Hephew Mr. Suradech Taweessaengsakulthai	-	2012 - at Present	- Director, Executive Director, Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.
						2012 - at Present	- Director, General Manager, Ruamthavee Khon Kaen Co., Ltd.	- The business of selling cars, car parts and car repair services.
						2011 - at Present	- Director, Ruamthavee Motor Sales Co., Ltd.	- To sell of cars, car's spare parts, and provide The service of cars repaired.
						1984 - at Present	- Director, Cho Ruamthavee Leasing and Realestate Co., Ltd.	- Real estate for rent and for business doing
5.	Mr. Anusorn Tamajai  - Independent Director - Audit Committee Chairman	48	- Doctorate Degree, International Economics, Finance and Development, Fordham University New York, USA  - Master Degree, Faculty of Economics, Fordham	- No -	-	2012 - at Present	- Independent Director and Audit Committee Chairman Cho Thavee Dollasien Public Company Limited	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Anusorn Tamajai (Continue)		University New York, USA - Master Degree, Faculty of Business Administration, Southeastern University - Bachelor Degree, Faculty of Politics (Honourary) Chulalongkorn University - Certificate, Thai Institute of Directors ● Director Certification Program (DCP) class 28/2003			2002 - at Present  2008 - 2011  2008 - 2011  2008 - 2010  2005 - 2007	- Audit Committee, The Bangchak Petroleum Public Company Limited  - Independent Director and Audit Committee Chairman, MCOT Public Company Limited.  - Executive Director, Telecommunication for Public Fund, Universal Service Obligation (USO)  - Director and Risk Management Chairman, Bank for Agriculture and Agricultural Cooperative  - Director, Centre of Moral Mighty National Development (Moral Promotion Centre), Office of Prime Minister	- Produce fuel, The Company operates crude oil refinery complex  - Business of Mass Communication, such as Modern Nine TV station. Radio station Thailand and the News.  - Government Agencies  - Financial institutions  - Government Agencies
6.	Mr. Asa Prateepasen  - Independent Director - Audit Committee	53	- Doctorate Degree in Engineering, System Engineering Brunel University, United Kingdom - Master Degree in Engineering, Mechanical, King Mongkut's University of Technology Thonburi	- No -	-	2012 - at Present  1992- at Present	- Independent Director and Audit Committee, Cho Thavee Dollasien Public Company Limited  - Associate Professor, King Mongkut's University of Technology Thonburi	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.  - Educational institution

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Asa Prateepasen (Continue)		<ul style="list-style-type: none"> <li>- Bachelor Degree in Engineering, Industry, King Mongkut's University of Technology Thonburi</li> <li>- Bachelor Degree in Economics, Fiscal, Ramkhamhaeng University</li> <li>- Certificate, Thai Institute of Directors                             <ul style="list-style-type: none"> <li>● Monitoring fraud risk management (MFM) class 8/2012</li> <li>● Monitoring the quality of financial report (MFR) class 15/2012</li> <li>● Monitoring the system of internal control and risk management (MIR) class 13/2012</li> <li>● Monitoring the internal audit function (MIA) class 13/2012</li> <li>● Audit committee program (ACP) class 39/2012</li> <li>● Understanding fundamental financial</li> </ul> </li> </ul>					



Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Asa Prateepasen (Continue)		statement class 11/2007 ● Finance for Non-finance- director (FND) class 37/2007  ● Director certification program (DCP) class 94/2007					
7.	Mr. Chatchawan Triamvicharnkul  - Independent Director - Audit Committee	49	- Master Degree in Business Administration (Finance), National Institute of Development Administration (NIDA) - Higher Diploma in Auditing (Accounting Examination) Chulalongkorn University - Bachelor Degree, Business Administration, Programme (Accounting) Ramkhamhaeng University - Certified Public Accountant (CPA) - Certified Professional Internal Audit of Thailand (CPIAT), the Institute of Internal Auditors of Thailand	- No -	-	2013 - at Present   2013 - at Present  2012 - at Present  2012 - at Present	- Independent Director and Audit Committee, Cho Thavee Dollasien Public Company Limited.  - Director Thinkplusdigital Co.,Ltd.  - Deputy Managing Director, Asia Soft Corporation Public Company Limited  - Director Playcybergames Co., Ltd.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.  - Business service through the Internet and the sale of advertising and marketing. Is a subsidiary of Asia Soft Corporation Public Company Limited.  - Business Services Online Entertainment Service with a focus on online game service in Thailand, Singapore, Malaysia, Vietnam, Indonesia and in Southeast Asia. Including the distribution of PC games.  - Imported online games, software to play games over the Internet. Is a subsidiary of Asia Soft Corporation Public Company

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Chatchawan Triamvicharnkul (Continue)		- Certificate, Thai Institute of Directors ● Director Certification Program (DCP) class 174/2013 ● Director Accreditation Program (DAP) class 20/2004 ● Audit Committee Program (ACP) class 2/2004			2008 - at Present  2004 - at Present  2009 - 2011  2008 - 2011	- Nomination and Compensation Committee - Independent Director and Audit Committee, ACAP Advisory Public Company Limited. - Chief Financial Officer, TT & T Public Company Limited.  - Advisor (off-official hours) New Entrepreneurs Creation Programme, Centre for Business Innovation, National Institute Development Administration	Limited. - The company provides financial advisors and low quality asset management.  - Provider providing the infrastructure Telecommunications In most of 1.5 million numbers fixed-line in the region. and provider the Internet. - Educational institution
8.	Ms. Rungtiwa Taweesaengsakulthai  - Senior Vice President	65	- Vasudevi High school Bangkok	Older Sister of Mr. Suradech Taweesaengsa kulthai	2.16	2004 - at Present  2005 - at Present	- <b>Senior Vice President</b> Cho Thavee Dollasien Public Company Limited.  - Director, Cho Thavee Termotech Co., Ltd.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.  - Incorporate business of designing, manufacturing, assembling and installing light weight fiberglass.

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Ms. Rungtiwa Taweesaengsakulthai (Continue)					2009 - at Present	- Director, O J Development Co., Ltd.	- Rental retail area.
						1990 - at Present	- Director, Khon Kaen Cho Thavee (1993) Co., Ltd.	- Distributor of all types of trucks' and trailers' cabs. The company also offers trucks' financial leasing.
9.	Ms. Somnuk Sangin  - Executive Director - Chief Financial Officer	54	- Master Degree, Faculty of Business Administration, Mahanakorn University of Technology  - Bachelor Degree, Faculty of Business Administration, Accounting, Ramkhamhaeng University  ● Director Accreditation Program (DAP) class SEC/ 2013  ● Company Secetary Program (CSP) class 20/2006  ● Code of Conduct by SET/ 2007	- NO -	-	2012 - at Present  2010 - at Present          2003 - at Present	- Executive Director  - Chief Financial Officer, Cho Thavee Dollasien Public Company Limited.   - Special Lecturer, Sukhothai Thammathirat Open University	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.  - Educational institution
10.	Mr. Prasobsuk Boonkwan  - Executive Director - Chief Marketing Officer Domestic	46	- Bachelor Degree, Faculty of Business Administration, Ramkhamhaeng University	- NO -	-	2012 - at Present  2011 - at Present	- Executive Director  - Chief Marketing Officer, Domestic , Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Prasobsuk Boonkwan (Continue)					2010 - 2011 1995 - 2010	- Administrative Manager - Purchase Manager, Cho Thavee Dollasien Company Limited.	for excellence.
11.	Mr.Sven Markus Gaber  - Executive Director - Chief Marketing Officer Oversea	46	- Bachelor Degree in Engineering, Mechanical, DAA-Thchnikum Gemeinnuetzige Wuerzburg University (GMBH)	- No -	-	2012 - at Present 2011 - at Present  2009 - 2010 2007 - 2009	- Executive Director - Chief Marketing Officer, Oversea, Cho Thavee Dollasien Public Company Limited. - Director, Foreign Sales - Senior Sales Engineer, Cho Thavee Dollasien Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.
12.	Ms.Pattarin Anukunananchai  - Executive Director - Chief Administration Officer	57	- Bachelor Degree, Faculty of Liberal Arts, Political Science, Ramkhamhaeng University	- No -	-	2012 - at Present 2011 - at Present  2006 - 2011	- Executive Director - Chief Administrative Officer, Cho Thavee Dollasien Public Company Limited. - Director, Sales Department, Cho Thavee Dollasien Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.
13.	Mr. Nopparat Sangsawang  - Executive Director - Chief Production Officer	46	- Master Degree, Faculty of Business Administration, Ramkhamhaeng University - Bachelor Degree,	- No -	-	2012 - at Present 2011- at Present	- Executive Director - Chief Production Officer, Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
	Mr. Nopparat Sangsawang (Continue)		Production Engineering, King Mongkut's University of Technology Thonburi			1998 - 2011	- Manager, Production Management Department, Cho Thavee Dollasien Company Limited.	for excellence.
14.	Mr. Apichai Chumsri  - Executive Director - Chief Risk Management Office	45	- BachelorDegsee of Science in Technical Education Program in Industrial Engineering Welding Fabrication. Rajamangala University of Technology Isan Khonkaen Campus. ● Certificate, MINI MBA Kasetsart University, Si Racha Campus.	- No -	-	2013 - at Present 2013- at Present 1996 - 2013	- Executive Director - Chief Risk Management officer - Inspection Cost Dept.Mgr. Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.
15.	Mr. Nirut Sumongkol - Executive Director - Chief Design Engineering Officer	48	- Bachelor Degree of Science in Technical Education (Electrical Engineering), Faculty of Technical Education , Rajamangala University of Technology Isan, Khonkaen Campus.	- No -	-	2013 - at Present 2013 - at Present 1986 - 2013	- Executive Director - Chief Design Engineering Officer - Engineering manager , Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.

Series	List /Designation	Age (year)	Education and Training	Family Relation Ship among Management	sharehold ing in the company (percentage)	Work Experiences past 5 years		
						duration (A.D.)	Position and Institotion/Company	Nature of business
16.	Miss Yinghathai Ponphangnga - Company Secretary	38	- Master Degree, Faculty of Business Administration, Khon Kaen University - Bachelor Degree, Faculty of Business Administration, Accounting, North Eastern University ● Director Accreditation Program (DAP) class SEC/ 2013 ● Effective Minute Taking (EMT) class 26/2013 ● Company Secetary Program (CSP) class 48/2012	- No -	-	2013 - at Present 2007 - at Present  2007 - at Present	- Company Secretary - Secretary of President and Chief Executive Officer, Cho Thavee Dollasien Public Company Limited. - Head of Import-Export, Cho Thavee Dollasien Public Company Limited.	- Leader in creating and manufacturing innovative designs world-class technology and professional management integration with unique knowledge to strive to strive for excellence.

### Attachment 1 Details of Directors, Management, Controlling persons and Company Secretary.

Name	CHO	Its Subsidiary	The Related Companies											
		1	1	2	3	4	5	6	7	8	9	10	11	12
<u>Board of Director</u>														
Ms. Phenphimol Vejvarut	X							/						/
Mr. Suradech Taweesaengsakulthai	/,XX	/	/	/	/		/					/		
Ms. Asana Taweesaengsakulthai	/,//	/		/				/			/		/	
Mr. Siriwat Taveesaengsakulthai	/,//				/			/	/					
Mr. Anusorn Tamajai	/													
Mr. Asa Prateepasen	/													
Mr. Chatchawan Triamvicharnkul	/													
<u>Executive Committee and Management</u>														
Ms. Rungtiwa Taweesaengsakulthai		/	/										/	
Ms. Somnuk Sangin	//													
Mr. Prasobsuk Boonkwan	//													
Mr.Sven Markus Gaber	//													
Ms.Pattarin Anukunananchai	//													
Mr. Nopparat Sangsawang	//													
Mr. Apichai Chumsri	//													
Mr. Nirut Sumongkol	//													

#### Annotation

X = Chairperson of the Company    XX = Chair person of Executive Committee    / = Board of Director    // = Executive Director

CHO = Cho Thavee Dollasien Public Company Limited.

#### Its Subsidiary

1. Cho Thavee Thermotech Co., Ltd.

#### Related Companies

1. Khon Kaen Cho Thavee (1993) Co., Ltd.

2. Volrep Truck and Bus Co., Ltd.

3. Khon Kaen Cho Thavee Limited Partnership

4. Cho Ruamthavee Leasing and Realestate Co., Ltd.

5. Chia Eam Seng Co., Ltd.

6. Bangkok CTV Intertrade Co.,Ltd.

7. Ruamthavee Khon Kaen Co., Ltd.

8. Ruamthavee Motor Sales Co., Ltd.

9. Energy System Co., Ltd.

10. A P S Multi-Trade Co., Ltd.

11. O J Development Co., Ltd

12. Tang Hua Sing Nakhon Pathom Ltd. Partnership

Details of the Directors of Subsidiaries Company with Revenue more than 10 % of the total revenues of the consolidated income statement. (As of December 31, 2013)

Name	Its Subsidiary
	Cho Thavee Thermotech Co., Ltd.
<u>Board of Director</u>	
Mr. Suradech Taweesaengsakulthai	/
Ms. Asana Taweesaengsakulthai	/
Ms. Rungtiwa Taweesaengsakulthai	/

Remarks

X = Chairman person

/ = Director



Detail relating to Chief of internal audit and Chief of compliance unit of the company

No.	Position	Ages	Educational background/training history	Working experiences		Duties and responsibilities
				Period (A.D.)	Position and company's name	
1.	Mrs. Apsorn Suriya - Internal audit section manager	48	- Bachelor's degree in accounting, Wongchawalitkul College ● Smart Audit winning the remark to financial statements 11 November 2013 ● Tools and Techniques for the Beginning Auditor 5-9 February 2013 ● Quality Management System ISO 9001:2008 Internal Audit Training Course 13-14 December 2013 ● Accounting for receive and payment from project as per announcement of Por.Por.Cho. dated 27 October 2013 ● New version of accounting standard concerning the preparing of financial statements year 2010 18 September 2010 ● Preparing of financial statements in new version and financial statements analysis 29 August 2009 ● Financial statements auditing, calculation of the corrected net profits before paying tax 18 November 2011 ● Internal audit and internal control for the increasing of the firm's effectiveness 29 July 2005	2013-Present January-October 2012  2007 – 2012  2003-2012	- Internal audit section manager - Internal audit officer Cho Tawee Dollarsian Public Company Limited)  - Accounting section manager Volrep truck and bus Co., Ltd.  - Accounting section manager Khonkaen Cho Tawee (1993) Co., Ltd.	<ul style="list-style-type: none"> <li>● To perform internal audit work in all aspects complied to standard of internal audit and risk analysis</li> <li>● To prepare the audit plan</li> <li>● To prepare the internal audit report complied to standard and to collect in systematic</li> <li>● To review to the sufficiency and the completeness of the evidence referred in the report</li> <li>● To present or to assist the presentation of the methodology, adding, for the reducing of the risk factor from the audited item</li> <li>● To prepare the working paper for the collecting of information from the auditing</li> <li>● To perform other assignment</li> </ul>

No.	Position	Ages	Educational background/training history	Working experiences		Duties and responsibilities
				Period (A.D.)	Position and company's name	
2.	Mr. Nattaporn Muangchantra - Assistance to chief of compliance unit - Compliance	29	- Bachelor's degree in law, Pakklang University, Nakornsawan ● Being registered as the certifier of the signature of business registration office ● Certificate from the council of lawyer ● Anti-corruption Training Courses ● Training course of the quality assessment annual general meeting of listed company No. 1 ● Training course of the disclosure of the listed company's information through SCP Straight Through	2011-Present	- Assistance to Chief of compliance unit  Cho Tawee Dollarsian Public Company Limited	<ul style="list-style-type: none"> <li>● To govern the company in performing complied to regulations, act, order, notice from the SEC according to good governance principles issued for the treatment of the public company and private firm in the group including rule of law and act pertaining to the normal business</li> <li>● To prepare and to check the agreement of the company and the company in the group</li> <li>● To monitor of debts collection, to enforce the civil case and criminal case of the company and the company in the group</li> <li>● To prepare the document and the registration of the amendment of the regulation, resolution to the government sector organization</li> <li>● To coordinate the administration work, the juristic act, and registration agreement relating to the company's assets</li> <li>● To provide the advice pertaining to civil case and criminal case, and to monitor for the debts collecting and law enforcement</li> </ul>
				2009-2011	- Pitak Tanaikwam law office	

Form of Assessment to the sufficiency of Internal Control System

Cho Thavee Dollasien Public Company Limited

12<sup>th</sup> January 2014

This assessment form prepared by the board of directors which is the opinions of the board of directors concerning the sufficiency of internal control system

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**Part 1 Organizational Control and Environment Measure**

Organization control and environment measure means the existence of organization and good environment which being the important foundation for efficiency internal control system. So, it is necessary in creating the situation or factors assisted to the internal control system forward as to the company's aiming. The creating of atmosphere of the controlling in order to promote to every employee in the company, the awareness of the necessity of internal control system, for example, the executive managements lend the significant of honesty and ethic in operating business, the appropriated management of organizational structure, the defining of authority, the existence of written policy and regulations

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1.1 The board of directors has governed for determining of business goals as precisely and measuredly, for being direction for employees' operation.

☒ Yes

☐ No

The board of directors has determined the business goals as precisely and measuredly by involving in the consideration and agreeing on the company's business plans, and has monitored the monthly performance of executive managements through executive committee's meeting. The board of directors has also determined long-term goal for being the foundation to the development of the company in long term.

1.2 The board of directors has reviewed target in operation that the target has been carefully determined and has determined to the attainable of target, including the analysis of providing motivation or compensation to the employees as reasonable, without providing of motivation or compensation as unreasonable in the say that lead to the corruption or unlikely conduct (for example: to set the sales target higher than it should be, caused to the motivation in decorating of sales figure).

☒ Yes

☐ No

The annual business target has been carefully determined by the board of directors in considering of the attainable of designated target, by concerning to the reasonable in both of internal and external factor, including the consideration of benefits compensation to the company as reasonable and able to compete with appropriateness and fairness. There was no motivation or compensation as unreasonable.

1.3 The company has managed the organizational structure enable to the managements in operating with effectiveness.

☒ Yes

☐ No

The company has managed for the organizational structure and chain of command clearly and appropriated to the managements, and corresponded with the operation, enable for the managements able to operate with effectiveness, and also able to plan, command, supervise the performance as accuracy and rapidly under the proper internal control system.

1.4 The company has defined for code of conduct and the forbidden, in written, for the managements and the employees acting in the way that may cause to conflict of interest with the company, including the punishment in case of the violation.

☒ Yes

☐ No

The company has prepared for code of conduct and business ethics being the direction in performing duties of the managements and the employees, and has defined the forbidden, in written, for the managements and the employees acting in the way that may cause to conflict of interest with the company, and announced for the acknowledgement and the treatment by the board of directors and the employees. The violation to the company's rules and regulations will be punished.

1.5 The company has prepared for the policy and operation procedure, in written, for the transaction relating to finance, procurement, and general administration as carefully and able to prevent the corruption.

☒ Yes

☐ No

The company has prepared for operation procedure, in written, as per ISO, and the operation manual for finance and accounting has been separately prepared. The company also has the internal control system for the examination, and the monitoring in preventing the corruption and incorrect operation.

1.6 The company has determined the fairness to the stakeholders for long-term benefits to the company, in determining the policy and action plan.

☒ Yes

☐ No

The company concerns to the fairness, the satisfaction, and mutual benefits for stakeholders which including to the shareholders, the managements, the employees, the vendors, the debtors, the creditors, and the competitors, in compliance with business ethics for the company's operation in long term.

## Part 2 Risk Management Measure

The business operation of the company is in the midst of business risk at all times. The cause of internal factors such as: the lack of honesty and ethic of the managements, the rapidly in business expansion caused to the inability of the company's working system to cope with the expansion, or unable to govern thoroughly, and external factors such as: the change of technology or consumer behavior which affected to market shares. In order to lead the company for the survival from harmful incurred from such risks, the managements must concern to the following treatments in regular:

- (1) The identification of risk
- (2) The analysis of risk
- (3) The management of risk

2.1 The company regularly assesses to the internal and external risk which affect to the operation of business significantly

☒ Yes

☐ No

The company has assessed to the internal and external risk factors which may affect to the business operation of the company significantly. The board of directors has assigned chief officer-risk management in doing the assessment and presenting to the meeting of audit committee and the board of directors as regularly. There were the careful preventing and the determination of measure in reducing the risks, and informing to the relating officer.

2.2 The company has analyzed to the situation causing risk factor

☒ Yes

☐ No

The company has analyzed the risk factor and has determined measure in preventing, correcting, and reducing of the risk. The board of directors has assigned chief officer-risk management in assessing and presenting the report to audit committee and the board of directors as regularly.

2.3 The company has determined for the measure in monitoring the situation caused to the risk factors, and the measure in reducing such risks

☒ Yes

☐ No

The board of directors has assigned the executive committee in determining of measure in monitoring the situation caused to the risk factors, and the measure in reducing such risks

2.4 The company has informed to all related employees in acknowledging and performing as to the measure of risk management

☒ Yes

☐ No

When risk factors were found from the assessment, the company has informed to all related employees in acknowledging and performing as to the measure of risk management.

2.5 The company has monitored to the performance of each business unit as to risk management plan

☒ Yes

☐ No

The company has monitored, through monthly meeting of executive committee, for the examination of action plan in reducing the risk, under ISO standard and complied to the direction and risk management policy.

### **Part 3 Management Control Activities**

Management control activities are the important activities for the company assurance that the direction defined by the managements have been responded and performed by everyone in the company. These directions are as follows:

- (1) The proper defining of the authority and the authorization
- (2) The separation of authorities that may affect to the corruption
- (3) The defining of step and procedure in doing transaction with major shareholders, the directors, the managements, or related person(s) in appropriate for preventing from the transferring of interests

(4) The defining of procedure to ensure that the company's treatment complied to related law and regulation

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3.1 The company has defined clearly and in written, the scope of authority and authorization of the managements in each level

☒ Yes ☐ No

The company has defined clearly and in written, the scope of authority and authorization for the managements in each level, and announced to all the related employees for being the treatment.

3.2 The company has separated the authorities and responsibilities in the three following aspects, for the purpose of check and balance: (1) the approval authority, (2) the authority in recording of accounting and information technology, and (3) the authority in keeping of assets.

☒ Yes ☐ No

The company has clearly separated the approval authority, the recording of accounting, and the keeping of assets, for being the direction in controlling of the operation and preventing the corruption, and lending the significant of check and balance.

3.3 In case that the company has done the transaction with major shareholders, the directors, the managements, or the person(s) related to such person(s), the company has the careful measure in monitoring that such transaction must be approved according to the procedure of the approval.

☒ Yes ☐ No ☐ Not exist

The company has determined policy relating conflict of interest, and the procedure in doing transaction with major shareholders, the directors, the managements, or related person(s), to be agreed by the person(s) without the interest on such transaction. All related persons must submit the information to audit committee for the auditing.

3.4 In case that the transaction as per 3.3 incurred, the approval of such transaction has been done only by the person without the interest

☒ Yes ☐ No ☐ Not exist

The person related to the transaction stated in 3.3 must not involve in the approval, or express the opinion, or vote in the transaction which may have conflict of interest.

3.5 The approval of the transaction as per 3.3 has been done by concerning to the ultimate benefit of the company, and treated on arm's length basis

☒ Yes ☐ No ☐ Not exist

All of the transactions as per 3.3 will be considered for the company's benefits, and treated on arm's length basis.

3.6 In case of the approval for the transaction with related person in the way that binding to the company in long-term (such as: buying/selling agreement, lending of loans, pledging), there is the monitoring of treatment in accordance with the condition agreed at all time of the binding (such as: the monitoring for the debts payment, the review to the appropriate of agreement)

☒ Yes

☐ No

☐ Not exist

In case of the approval for the transaction with related person in the way that binding to the company in long term, such transaction will be monitored by the authorized department directly in compliance with designated regulation and condition, and will be examined by finance and accounting department, and the related department, and reported to the managements.

3.7 In case that there is the approval for the transaction as per 3.3, such measure has been covered to related person in utilizing the opportunity or the company's benefits for the benefit of one own

☒ Yes

☐ No

☐ Not exist

The company has the measure concerning the doing of transaction as per 3.3, such measure shall not allow related person in using the company for reference or utilizing of assets for the benefit of one own.

3.8 In case that the company has invested in the subsidiary company or the affiliated company, the company has regularly monitored to the operation of the subsidiary company or the affiliated company, including of having the determination of direction for the treatment of the appointed person(s) to be directors or managements of such company.

☒ Yes

☐ No

☐ Not exist

The company has regularly monitored to the operation and the performance of the subsidiary company, including of having the determination of direction for the treatment of the appointed person(s), in order to reach the objective. There was the monthly report of performance result presented to executive committee, and the report presented to the board of directors at the next meeting.

3.9 The company has the measure in monitoring the company's operation to be complied to related law, in order to reduce the risk and maintain the reputation of the company

☒ Has

☐ does not have

The company has the measure in monitoring the company's operation to be complied to related law, the company's legal department has continuously reviewed the treatment as being complied to the related law.

3.10 In case of having the treatment violated to the law, the company has measure in correcting and protecting for not having such treatment once again

☒ Yes

☐ No

☐ Not exist

The company has been sued by one owner of the copyright in the violation of the other's copyright for using of computer software. The company has entered into the compromise agreement on 8<sup>th</sup> August 2013. The company has bought the legally computer software and let the IT section in watching the usage of computer software that violate to the copyright law.



**Part 4 Information and Communication Measure**

One of the principles for the careful performance for directors, managements, shareholders, or related person is the decision making on the fundamental with quality information and sufficient to the decision making, either financial information or other information. So, the communication of such information to related person is the essential and assisted to the effectiveness of internal control system. The quality information should have the following qualifications:

- (1) The necessary content in appropriated to the decision marking
- (2) The completely correctness
- (3) Up-to-date
- (4) Simplicity form
- (5) Being well collected

4.1 In presenting to the board for consideration, the company has prepared the important information appropriated for the board in using as supported information for decision making (the important information are such as: details of the matter to be presented for the consideration of reason, the impact to the company, the alternatives)

☒ Yes ☐ No

The company has prepared the important information in supporting to the consideration of the board. The company will prepare the supporting documents for the consideration of the board for each meeting.

4.2 The company's board of directors has received the invitation letter, or the supporting documents indicating essential information in appropriated for the consideration, prior to the meeting at least time designated by law

☒ Yes received in the average of 7 days prior to the meeting ☐ No

As to the company's regulation, the company shall send, in advanced of 7 days prior to the meeting, the invitation letter and supporting documents to the board of directors for the consideration and study, except for the emergency case in protecting the company's right and benefits that the company will make the appointment of meeting by other method and in earlier time.

4.3 Details of the minutes of the board of directors' meeting being appropriated enable the shareholders in examine the suitable of the directors' performances such as: the recording of the directors' queries, opinions, or the director's observation relating to the considered matter, the opinion of the director disagreeing with the proposed matter, with the reason

☒ Yes ☐ No

The company has assigned the company's secretary in responsible to the recording and preparing of the minutes of meeting by stating the important details as appropriated, and covered to the recording of the directors' quires, opinions, or observation relating to the considered matter.

4.4 The company's accounting documents have been completely filed in classification, and never been informed by the auditor about the fault, or being informed but such fault has been corrected

☒ Yes

☐ No

The company's accounting department has filed accounting documents completely and in classification, and has completely corrected the fault.

4.5 The company's board of directors has considered that the managements have adopted accounting policy as per financial report standard, and suitable to the company's business characteristic. The company has not adopted accounting policy which caused the company to show the operational results as inconsistent to the fact.

☒ Yes

☐ No

The company has accounting policy as per financial report standard announced by the council of accounting profession.

#### part 5 Monitoring

As to the operation with effectiveness and efficiency, the company should regularly monitor to the performance as to the designated goal. There must have the continuous internal control system, and the improvement in corresponding to the changing situation, including the immediately correction of the fault.

5.1 In case that the company has determined the goal in operating business, the board of directors has compared the managements' performances with the designated goal in operating business.

☒ Yes

☐ No

☐ not exist

The executive committee has arranged monthly meeting for reporting operation results, considering the comparative, the monitoring of performance. If there is the differential as significant, the executive committee shall report to the board of directors, including the presentation and the improvement as appropriated.

5.2 In case of the difference between the operation results and the estimated goal, the company has made the correction within proper time

☒ Yes

☐ No

☐ not exist

The company has arranged for the meeting of the executive committee in presenting the operation results. In case that the operation results differed from goal, the executive committee shall analyze the cause of problem, and find the solution including the direction for correction, and monitor to the correction with the proper time.

5.3 The company has arranged for the examination of treatment as per internal control system as regular

☒ Yes

☐ No

The company has arranged for the internal audit department to be the planner and examiner of treatment as per internal control system of the company, for the evaluation of the internal control, and report directly to the audit committee.

5.4 In case that the company has the internal auditing, the company has determined the audit results to be reported directly to the board of directors or the audit committee, enable to the internal auditor in performing duty as independently, and truly presenting the audit results

☒ Yes

☐ No

☐ not exist

The company has precisely determined organization chart that: the internal audit department and secretary to the audit committee have the hierarchy directly to the audit committee. The company has also arranged for the meeting between the auditor and the audit committee 4 times a year at least.

5.5 Upon the significant fault has been found, there was the reporting to the board of directors/the audit committee for the commanding of the correction within proper time

☒ Yes

☐ No

☐ not exist

The internal department has review all the systems, in case of significant default has been found, the internal audit department shall immediately report to the audit committee, and report to the board of directors for the command of the correction within proper time.

5.6 The company must report the progress of the improving of fault to the board of directors/the audit committee

☒ Yes

☐ No

The internal audit department shall report the progress of the improving of fault to the audit committee, after receiving the confirmation of the improving, and report to the board of directors.

5.7 The company has the policy for the managements in reporting immediately to the board of directors about the corruption or the suspect of corruption, the violation to law, and other unusual treatment, which effect to the company's reputation and financial positions as significantly

☒ Yes

☐ No

☐ not exist

The company's managements have the responsibilities in report to the board of directors immediately upon the occurrence of corruption, or the treatment violated to law and the company's regulations, including the decision making in the matter that may have significant impact to the company, for the correction to be agreed.

**CHO THAVEE DOLLASIEN PUBLIC COMPANY LIMITED  
(FORMERLY CHO THAVEE DOLLASIEN CO., LTD.)  
AND ITS SUBSIDIARY**

**Financial Statements**

**For the Year Ended December 31, 2013**

**and Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.***

***Certified Public Accountants***

# M.R. & ASSOCIATES CO., LTD.

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## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Cho Thavee Dollasien Public Company Limited  
(Formerly Cho Thavee Dollasien Co., Ltd.)

I have audited the accompanying consolidated financial statements of Cho Thavee Dollasien Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. I have also audited the accompanying financial statements of Cho Thavee Dollasien Public Company Limited, which comprise the separate statement of financial position as at December 31, 2013, and the separate statement of comprehensive income, statement of changes in shareholders' equity and statement of 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements.

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

## M.R. & ASSOCIATES CO., LTD.

### *Opinion*

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cho Thavee Dollasien Public Company Limited and its subsidiary as at December 31, 2013, and their financial performance and their cash flows for the year then ended, and the separate financial statements referred to above present fairly, in all material respects, the financial position of Cho Thavee Dollasien Public Company Limited as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### *Emphasis Matter*

Without qualifying my opinion, I draw attention to Note 2. The Group has adopted Thai Accounting Standard No.12 "Income tax" starting from January1, 2013. The corresponding figures presented are based on the financial statements for the years ended December 31, 2012 and 2011 audited by another auditor in my office who expressed an unmodified opinion on those statements on March 5, 2013, after the adjustments described in Note 2. I have audited the adjustments that were applied to restate the corresponding figures. In my opinion, such adjustments are appropriate and have been properly applied.



(Mr. Pisit Chiwaruangroch)  
Certified Public Accountant  
Registration No. 2803

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 26, 2014



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**ASSETS**

	Note	In Baht		
		Consolidated financial statements		
		December 31,	December 31,	January 1,
		2013	2012	2012
			"Restated"	"Restated"
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		3,651,386	7,896,489	12,112,955
Trade accounts receivable				
- Related parties	4	10,105,370	5,719,805	3,527,795
- Others	5	122,655,972	112,078,458	93,137,120
Unbilled contract work in progress	6	203,193,579	86,498,355	90,047,904
Short-term loans to related parties	4	-	-	123,195,277
Interest receivable from related parties	4	-	-	26,229,737
Other receivable from related parties	4	2,168,645	16,552,683	5,970,864
Inventories	7	257,979,559	190,861,834	178,553,029
Other current assets	8	22,292,600	24,676,078	15,416,869
<b>Total Current Assets</b>		<b>622,047,111</b>	<b>444,283,702</b>	<b>548,191,550</b>
<b>NON-CURRENT ASSETS</b>				
Deposits at financial institutions under pledge	9, 14	3,900,000	13,400,000	13,400,000
Investment in held-to-maturity debt securities		1,000,000	1,000,000	-
Property, plant and equipment	4, 11, 14	336,990,633	328,364,928	145,896,990
Intangible assets	4, 12	38,566,337	34,092,212	36,387,871
Deferred tax assets	2, 13	7,440,153	10,211,041	9,088,803
Other non-current assets		299,188	1,680,270	1,260,158
<b>Total Non-Current Assets</b>		<b>388,196,311</b>	<b>388,748,451</b>	<b>206,033,822</b>
<b>TOTAL ASSETS</b>		<b>1,010,243,422</b>	<b>833,032,153</b>	<b>754,225,372</b>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht		
		Consolidated financial statements		
		December 31,	December 31,	January 1,
		2013	2012	2012
	Note		"Restated"	"Restated"
<b>CURRENT LIABILITIES</b>				
Bank overdrafts and short-term loans from financial institutions	14, 15	332,322,674	533,414,549	474,009,696
Trade accounts payable				
- Related parties	4	25,123,842	26,923,354	36,871,830
- Others		84,286,719	67,356,271	32,742,140
Current portion of finance lease liabilities	16	3,614,118	7,245,083	6,552,170
Current portion of long-term loans	14, 17	924,000	20,348,987	45,203,343
Other payable to related party	4	271,000	40,790	617,052
Advances received from customers	6	23,541,083	14,257,498	25,701,037
Income tax payable		573,741	3,749,123	1,192,030
Accrued expenses and other current liabilities	18	30,080,006	36,101,690	24,654,489
<b>Total Current Liabilities</b>		<b>500,737,183</b>	<b>709,437,345</b>	<b>647,543,787</b>
<b>NON-CURRENT LIABILITIES</b>				
Finance lease liabilities	16	1,580,512	2,652,523	8,165,508
Long-term loans	14, 17	4,384,047	5,230,000	6,383,660
Liability for post-employment benefits	19	9,901,672	7,397,994	5,267,056
Share of loss of jointly-controlled entity	20	347,387	-	-
<b>Total non-current liabilities</b>		<b>16,213,618</b>	<b>15,280,517</b>	<b>19,816,224</b>
<b>Total Liabilities</b>		<b>516,950,801</b>	<b>724,717,862</b>	<b>667,360,011</b>

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



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

	Note	In Baht		
		Consolidated financial statements		
		December 31,	December 31,	January 1,
		2013	2012	2012
			"Restated"	"Restated"
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	21			
Authorized share capital		<u>270,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>
Issued and paid-up share capital		180,000,000	130,000,000	130,000,000
Share premium	22	291,360,242	-	-
Discount from increment of investment in subsidiary		(5,633,115)	(5,633,115)	(5,633,115)
Retained earnings (Deficit)				
Appropriated for legal reserve	23	1,520,000	-	-
Unappropriated		<u>26,042,197</u>	<u>(16,054,553)</u>	<u>(37,502,836)</u>
<b>Equity attributable to equity holders</b>				
<b>of the parent</b>		493,289,324	108,312,332	86,864,049
Non-controlling interest		<u>3,297</u>	<u>1,959</u>	<u>1,312</u>
<b>Total shareholders' equity</b>		<u>493,292,621</u>	<u>108,314,291</u>	<u>86,865,361</u>
<b>TOTAL LIABILITIES AND</b>				
<b>    SHAREHOLDERS' EQUITY</b>		<u>1,010,243,422</u>	<u>833,032,153</u>	<u>754,225,372</u>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**ASSETS**

		In Baht		
		Separate financial statements		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		2,703,497	7,837,423	12,058,822
Trade accounts receivable				
- Related parties	4	11,330,528	6,449,301	1,465,563
- Others	5	121,359,165	110,036,862	91,653,056
Unbilled contract work in progress	6	193,256,377	74,678,613	87,121,146
Short-term loans to related parties	4	34,285,121	40,647,403	125,431,630
Interest receivable from related parties	4	5,493,098	672,374	26,471,006
Other receivable from related parties	4	2,775,026	19,264,509	6,905,711
Inventories	7	236,931,575	175,864,997	163,413,580
Other current assets	8	21,793,341	21,709,634	13,958,245
<b>Total Current Assets</b>		<b>629,927,728</b>	<b>457,161,116</b>	<b>528,478,759</b>
<b>NON-CURRENT ASSETS</b>				
Deposits at financial institutions under pledge	9, 14	3,900,000	13,400,000	13,400,000
Investments in subsidiary	10	22,599,950	22,599,950	22,599,950
Investment in held-to-maturity debt securities		1,000,000	1,000,000	-
Property, plant and equipment	4, 11, 14	256,346,323	254,432,458	138,297,239
Intangible assets	4, 12	37,403,329	32,659,883	34,555,542
Deferred tax assets	2, 13	5,261,679	4,616,666	3,438,986
Other non-current assets		279,300	1,643,358	1,243,900
<b>Total Non-Current Assets</b>		<b>326,790,581</b>	<b>330,352,315</b>	<b>213,535,617</b>
<b>TOTAL ASSETS</b>		<b>956,718,309</b>	<b>787,513,431</b>	<b>742,014,376</b>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht		
		Separate financial statements		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
<b>CURRENT LIABILITIES</b>				
Bank overdrafts and short-term loans from financial institutions	14, 15	309,424,390	502,553,316	463,198,569
Trade accounts payable				
- Related parties	4	25,123,842	34,466,247	37,026,017
- Others		75,412,604	64,291,994	27,953,255
Current portion of finance lease liabilities	16	3,271,969	6,924,478	6,552,170
Current portion of long-term loans	14, 17	-	18,245,654	41,203,343
Other payable to related party	4	254,000	19,790	603,857
Advances received from customers	6	23,541,083	14,257,498	25,701,037
Income tax payable		573,741	3,749,123	1,192,030
Accrued expenses and other current liabilities	18	25,129,132	22,373,183	23,367,477
<b>Total Current Liabilities</b>		<b>462,730,761</b>	<b>666,881,283</b>	<b>626,797,755</b>
<b>NON-CURRENT LIABILITIES</b>				
Finance lease liabilities	16	1,002,073	1,731,935	8,165,508
Long-term loans	14, 17	-	-	5,050,327
Liability for post-employment benefits	19	9,166,876	6,781,195	4,798,239
<b>Total non-current liabilities</b>		<b>10,168,949</b>	<b>8,513,130</b>	<b>18,014,074</b>
<b>Total Liabilities</b>		<b>472,899,710</b>	<b>675,394,413</b>	<b>644,811,829</b>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

		In Baht		
		Separate financial statements		
		December 31, 2013	December 31, 2012	January 1, 2012
	Note		"Restated"	"Restated"
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	20			
Authorized share capital		<u>270,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>
Issued and paid-up share capital		<u>180,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>
Share premium	21	291,360,242	-	-
Retained earnings (Deficit)				
Appropriated for legal reserve	22	1,520,000	-	-
Unappropriated		<u>10,938,357</u>	<u>(17,880,982)</u>	<u>(32,797,453)</u>
<b>Total shareholders' equity</b>		<u>483,818,599</u>	<u>112,119,018</u>	<u>97,202,547</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
		<u>956,718,309</u>	<u>787,513,431</u>	<u>742,014,376</u>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

		In Baht			
		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
	Note		"Restated"		"Restated"
<b>REVENUES</b>					
Contract revenues	4	767,459,434	625,656,237	726,460,364	576,613,440
Revenue from sales and rendering of services	4	102,952,416	44,201,970	111,454,995	55,808,109
Gain (loss) on exchange rate - net		(3,097,454)	7,429,703	(2,771,932)	7,255,687
Other income	4	4,463,501	13,873,274	16,485,943	20,277,410
<b>Total Revenues</b>		<b>871,777,897</b>	<b>691,161,184</b>	<b>851,629,370</b>	<b>659,954,646</b>
<b>EXPENSES</b>					
	24				
Cost of contract work	4	600,122,105	495,816,583	595,756,001	469,278,510
Cost of sales and rendering of services	4	79,318,469	27,760,451	88,950,594	39,711,026
Selling expenses		35,226,349	33,863,031	30,871,362	29,377,550
Administrative expenses	4	78,083,193	65,756,085	75,594,399	62,294,808
Finance costs	4	28,099,725	40,729,923	26,570,995	38,645,542
<b>Total Expenses</b>		<b>820,849,841</b>	<b>663,926,073</b>	<b>817,743,351</b>	<b>639,307,436</b>
<b>Share of Loss of Jointly-Controlled Entity</b>	20	<b>347,387</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit before Income Tax</b>		<b>50,580,669</b>	<b>27,235,111</b>	<b>33,886,019</b>	<b>20,647,210</b>
<b>Income Tax Expense</b>	13	<b>6,962,581</b>	<b>5,786,181</b>	<b>3,546,680</b>	<b>5,730,739</b>
<b>PROFIT FOR THE YEAR</b>		<b>43,618,088</b>	<b>21,448,930</b>	<b>30,339,339</b>	<b>14,916,471</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<b>43,618,088</b>	<b>21,448,930</b>	<b>30,339,339</b>	<b>14,916,471</b>
Profit and Comprehensive Income attributable to:					
Equity holders of the parent		43,616,750	21,448,283	30,339,339	14,916,471
Non-controlling interest		1,338	647	-	-
		<u>43,618,088</u>	<u>21,448,930</u>	<u>30,339,339</u>	<u>14,916,471</u>
<b>Earnings per Share attributable to</b>					
<b>equity holders of the parent</b>	26				
Basic		0.07	0.04	0.05	0.03
Diluted		0.06	0.04	0.04	0.03

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

In Baht - Restated								
Consolidated financial statements								
	Issued and paid-up share capital	Share premium	Discount from increment of investment in subsidiary	Retained earnings (Deficit)	Equity attributable to equity holder of the parent	Non-controlling interest	Total shareholders' equity	
Note				Appropriated for legal reserve	Unappropriated			
	130,000,000	-	(5,633,115)	-	(46,591,074)	77,775,811	747	
2	-	-	-	-	9,088,238	9,088,238	565	
	130,000,000	-	(5,633,115)	-	(37,502,836)	86,864,049	1,312	
	-	-	-	-	21,448,283	21,448,283	647	
	130,000,000	-	(5,633,115)	-	(16,054,553)	108,312,332	1,959	
	130,000,000	-	(5,633,115)	-	(26,265,035)	98,101,850	1,400	
2	-	-	-	-	10,210,482	10,210,482	559	
	130,000,000	-	(5,633,115)	-	(16,054,553)	108,312,332	1,959	
	50,000,000	291,360,242	-	-	-	341,360,242	-	
21	-	-	-	-	43,616,750	43,616,750	1,338	
	-	-	-	1,520,000	(1,520,000)	-	-	
23	180,000,000	291,360,242	(5,633,115)	1,520,000	26,042,197	493,289,324	3,297	

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

		In Baht - Restated				
		Separate financial statements				
	Note	Issued and paid-up share capital	Share premium	Retained earnings (Deficit)		Shareholders' equity - net
				Appropriated for legal reserve	Unappropriated	
<b>Balance as at January 1, 2012 - as previously reported</b>		130,000,000	-	-	(36,236,439)	93,763,561
Adjustments	2	-	-	-	3,438,986	3,438,986
<b>Balance as at January 1, 2012 - as restated</b>		130,000,000	-	-	(32,797,453)	97,202,547
Total comprehensive income for the year		-	-	-	14,916,471	14,916,471
<b>Balance at December 31, 2012</b>		<u>130,000,000</u>	<u>-</u>	<u>-</u>	<u>(17,880,982)</u>	<u>112,119,018</u>
<b>Balance as at January 1, 2013 - as previously reported</b>		130,000,000	-	-	(22,497,648)	107,502,352
Adjustments	2	-	-	-	4,616,666	4,616,666
<b>Balance as at January 1, 2013 - as restated</b>		130,000,000	-	-	(17,880,982)	112,119,018
Proceeds from shares issued	21	50,000,000	291,360,242	-	-	341,360,242
Total comprehensive income for the year		-	-	-	30,339,339	30,339,339
Appropriated for legal reserve	23	-	-	1,520,000	(1,520,000)	-
<b>Balance at December 31, 2013</b>		<u>180,000,000</u>	<u>291,360,242</u>	<u>1,520,000</u>	<u>10,938,357</u>	<u>483,818,599</u>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		"Restated"		"Restated"
<b>Cash flows from operating activities</b>				
Profit for the year	43,618,088	21,448,930	30,339,339	14,916,471
Adjustments for				
Depreciation and amortization	28,142,729	31,452,700	22,473,084	28,709,515
Expenses for post-employment benefits	2,503,678	2,130,938	2,385,681	1,982,956
Interest income	(292,422)	(8,396,681)	(5,113,146)	(8,803,548)
Interest expense	26,587,426	39,882,580	25,058,696	37,360,766
Increase in allowance for doubtful accounts	209,271	1,411,213	209,271	1,411,213
Increase in allowance for slow moving inventories	(1,254,423)	1,490,687	(1,074,589)	1,237,369
Unrealized loss on exchange rate	1,967,224	207,294	1,966,963	209,696
Gain on sale of fixed assets	-	(544)	-	(544)
Loss on written-off fixed assets	2,057	974,777	2,057	974,777
Loss on written-off withholding tax deduct at source	36,912	-	-	-
Share of loss of jointly-controlled entity	347,387	-	-	-
Income tax expense	6,962,581	5,786,181	3,546,680	5,730,739
	108,830,508	96,388,075	79,794,036	83,729,410
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	(14,419,804)	(22,496,489)	(15,660,255)	(24,730,685)
Unbilled contract work in progress	(116,695,224)	3,549,549	(118,577,764)	12,442,533
Inventories	(65,843,717)	(13,539,492)	(59,649,253)	(13,688,786)
Other receivable from related parties	14,384,038	(10,581,819)	16,489,483	(12,358,798)
Other current assets	2,346,566	(10,108,274)	(83,707)	(7,765,475)
Deposits at financial institutions under pledge	9,500,000	-	9,500,000	-
Other non-current assets	1,381,082	(420,112)	1,364,058	(399,458)
Trade accounts payable	12,279,974	24,395,886	(1,072,612)	33,507,000
Other payable to related parties	230,210	(576,262)	234,210	(584,067)
Excess of progress billings over contract work in progress	9,283,585	(11,443,539)	9,283,585	(11,443,539)
Accrued expenses and other current liabilities	3,140,208	1,832,536	1,774,042	(1,240,390)
Income tax paid	(7,367,075)	(4,351,326)	(7,367,075)	(4,351,326)
<b>Net cash provided by operating activities</b>	<b>(42,949,649)</b>	<b>52,648,733</b>	<b>(83,971,252)</b>	<b>53,116,419</b>

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



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		"Restated"		"Restated"
<b>Cash flows from investing activities</b>				
Interest received	292,422	20,396,364	292,422	20,361,713
Decrease in short-term loans to related parties	-	91,385,811	6,362,282	59,588,780
Additions to investment in held-to-maturity debt securities	-	(1,000,000)	-	(1,000,000)
Proceeds from sale of fixed assets	-	835,887	-	835,887
Additions to fixed assets	(38,620,738)	(152,954,787)	(16,863,799)	(103,066,394)
Additions to intangible assets	(8,481,570)	(1,684,857)	(8,341,570)	(1,684,857)
<b>Net cash used in investing activities</b>	<u>(46,809,886)</u>	<u>(43,021,582)</u>	<u>(18,550,665)</u>	<u>(24,964,871)</u>
<b>Cash flows from financing activities</b>				
Interest paid	(26,846,714)	(40,352,211)	(25,282,111)	(37,091,040)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(201,899,535)	59,395,626	(193,936,470)	39,345,318
Increase in long-term loans	-	6,000,000	-	-
Payment of long-term loans	(20,270,940)	(32,008,016)	(18,245,654)	(28,008,016)
Payment of finance lease liabilities	(7,228,621)	(6,879,016)	(6,908,016)	(6,619,209)
Proceeds from capital increase	360,000,000	-	360,000,000	-
Expenses relating to capital increase	(18,239,758)	-	(18,239,758)	-
<b>Net cash provided by (used in) financing activities</b>	<u>85,514,432</u>	<u>(13,843,617)</u>	<u>97,387,991</u>	<u>(32,372,947)</u>
<b>Net decrease in cash and cash equivalents</b>	(4,245,103)	(4,216,466)	(5,133,926)	(4,221,399)
Cash and cash equivalents at beginning of years	<u>7,896,489</u>	<u>12,112,955</u>	<u>7,837,423</u>	<u>12,058,822</u>
<b>Cash and cash equivalents at end of years</b>	<u><u>3,651,386</u></u>	<u><u>7,896,489</u></u>	<u><u>2,703,497</u></u>	<u><u>7,837,423</u></u>
<b>Non-cash transaction</b>				
Purchased 400,000 common shares of the subsidiary from the existing shareholder at the total consideration of Baht 6.6 million for which cash has not been paid to the seller	-	1,595,329	-	1,595,329
Purchases of fixed assets for which cash has not been paid	4,269,819	12,166,870	4,269,819	557,944
Purchases of fixed assets for which settlement was made by offsetting with loans to and interest receivable from related parties	-	46,888,585	-	39,450,000

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

**CHO THAVEE DOLLASIEN PUBLIC COMPANY LIMITED**  
**(FORMERLY CHO THAVEE DOLLASIEN CO., LTD.) AND ITS SUBSIDIARY**  
**Notes to the financial statements**  
**December 31, 2013 and 2012**

**1. GENERAL**

Cho Thavee Dollasien Public Company Limited, “the Company”, is incorporated in Thailand. The Company registered the legal transformation of juristic person from being limited company under the Civil and Commercial Code to limited public company under the Limited Public Company Act B.E. 2535 with the Ministry of Commerce on January 2, 2013.

The Company was listed on the Stock Exchange of Thailand in the Market for Alternative Investment (MAI) on May 13, 2013.

The Company is engaged in the business of manufacturing, selling and providing service of trailer assembly and special vehicles and equipment.

The registered offices are as follows:

Head office : 265 Moo 4, Klang Muang Road, Tambol Muang Khao, Amphur Muang, Khon Kaen  
Branch 1 : 96/25 Moo 3, Vibhavadi Rangsit Road, Talat Bang Khen, Laksi, Bangkok  
Branch 2 : 66/5 Moo 2, Tambol Pong, Amphur Bang Lamung, Chonburi  
Branch 3 : 62 Moo 2, Tambol Lam Sai, Amphur Wang Noi, Phra Nakhon Si Ayutthaya

The subsidiary is Cho Thavee Thermo Tech Co., Ltd. (incorporated in Thailand) representing ownership interest of 99.99%. The subsidiary is engaged in manufacturing, fabrication, assembly for panel and container according to contracts entered into with customers.

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

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

The accompanying financial statements have been prepared under historical cost convention except for those specified in the notes to financial statements.

The Federation of Accounting Professions has issued the following new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) relevant to the Company’s operations, which effective for year beginning on or after January 1, 2013:

TAS 12	Income tax
TAS 21 (revised 2009)	The effects of changes in foreign exchange rates
TFRS 8	Operating segments



**CHO THAVEE DOLLASIEN PUBLIC COMPANY LIMITED**  
**(FORMERLY CHO THAVEE DOLLASIEN CO., LTD.) AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2013 and 2012**

The effects from adoption of aforesaid new and revised TAS and TFRS were immaterial except for TAS 12 Income Taxes whereby the change in accounting policy and the related effects are as follows:

Income tax on the profit or loss for the period, which is recognized in the statement of comprehensive income, is current and deferred tax whereby the Group previously recognized only current tax.

Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

The effects from adoption of this TAS are as follows:

	In Thousand Baht			
	Increase (Decrease)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
As at December 31,				
Deferred tax assets	7,440	10,211	5,261	4,616
Deficit	(7,439)	(10,210)	(5,261)	(4,616)
Non-controlling interest	1	1	-	-
As at January 1,				
Deferred tax assets		9,089	4,616	3,439
Deficit	(10,210)	(9,088)	(4,616)	(3,439)
Non-controlling interest	1	1	-	-
For the years ended December 31,				
Income tax expense	2,771	(1,122)	(645)	(1,177)
Profit for the year	(2,771)	1,122	645	1,177

The Federation of Accounting Professions has revised and issued new Thai Financial Reporting Standards (Thai Accounting Standard, Thai Accounting Standard Interpretations, Thai Financial Reporting Standard and Thai Financial Reporting Interpretations) effective for the period beginning on or after January 1, 2014. The adoptions of these Financial Reporting Standards do not have significant impact on the Group's financial statements.

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

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”) and the Group’s interests in jointly-controlled entity.

Significant intra-group transactions between the Company and its subsidiary are eliminated on consolidation.

#### **Subsidiary**

Subsidiary is the company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Accounting for acquisitions of non-controlling interests**

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

#### **Jointly-controlled entity**

Jointly-controlled entity is that entity over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of jointly-controlled entity, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or jointly control ceases. When the Group’s share of losses exceeds its interest in a jointly-controlled entity, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly-controlled entity.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

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

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**Trade Accounts Receivable and Allowance for Doubtful Accounts**

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

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

**Inventory Valuation**

Finished goods, work in progress, raw materials and spare parts and supplies

Inventories are stated at the lower of cost (after deduction of allowance for slow moving inventories) and net realizable value.

Cost is calculated using the standard cost formula (which approximates actual cost) for finished goods and work in progress, and weighted average cost formula for raw materials and supplies; and 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 overheads based on normal operating capacity.

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

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

**Contract work**

When the outcome of a contract can be estimated reliably, contract costs are recognized as expenses in profit or loss by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in profit or loss immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognized as an expense in profit or loss for the period in which they are incurred.

**Investment in Subsidiary**

Investment in subsidiary in the separate financial statements is accounted for using the cost method and stated at cost net of allowance for impairment (if any).

**Investment in Held-to-Maturity Debt Securities**

Debt securities that the Company has positive intent and ability to hold to maturity are classified as held-to-maturity debt securities in the statement of financial position. The Company accounts for this investment at the amortized cost net of allowance for impairment (if any).



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**Property, Plant and Equipment**

**Owned assets**

Land is stated at cost, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

**Leased assets**

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

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

Land improvements	5 years
Buildings, building improvements and leasehold improvements	20 years
Machinery and equipment	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

No depreciation is provided on land and assets under construction.

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

**Sale and leaseback from finance lease agreement**

Unrealized gain on sale and leaseback from finance lease agreement is amortized over the lease period.

**Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses.

**Amortization**

Amortization is charged to profit or loss on a straight line basis over the estimated useful life of 10 years.

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**Impairment of Assets**

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

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

**Employee benefits**

**Saving cooperative**

Obligations for contributions to saving cooperative are recognized as an expense in profit or loss as incurred.

**Post-employment benefits**

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

**Provisions**

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

**Warranties**

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



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**Revenue Recognition**

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

**Contract revenues**

When the outcome of a contract can be estimated reliably, contract revenue is recognized in profit or loss by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed as the ratio of contract costs incurred at the reporting date to total expected contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense in profit or loss.

**Revenue from sales and rendering of services**

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

Revenue from rendering of services is recognized when service is rendered to customer.

Interest and other income are recognized on an accrual basis.

Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

**Expenses**

**Operating Leases**

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

**Finance costs**

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



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**Use of Estimates**

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

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

**Foreign Currency Transactions**

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

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

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

**Derivative financial instruments**

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

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

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

**Income Tax**

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

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

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

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

#### **4. RELATED PARTY TRANSACTIONS AND BALANCES**

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

The related parties consisted of:

Company and party	Type of Business	Relationships	Percentage of holding (%)	
			2013	2012
Cho Thavee Thermo Tech Co., Ltd.	Manufacturing, fabrication, assembly for panel and container	Subsidiary	99.99	99.99
Joint Venture TSP-CTV	Trading and installation of electric lighting and electrical equipment	Jointly-controlled entity	-	-
Chia Eam Seng Co., Ltd.	Trading of vehicles and industrial equipment	Co-shareholders and directors	-	-
Khon Kaen Cho Thavee Limited Partnership	Trading of vehicles	Co-partnerships	-	-
Taweesaengthai Nongrua Rice Mill Ltd., Part.	Rice mill	Co-partnerships	-	-
Bangkok CTV. Intertrade Co., Ltd.	Manufacturing and export of home appliance	Co-shareholders and directors	-	-
Khon Kaen Cho Thavee (1993) Co., Ltd.	Manufacturing and trading of trailer	Co-shareholders and directors	-	-



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Company and party	Type of Business	Relationships	Percentage of holding (%)	
			2013	2012
Volrep Truck and Bus Co., Ltd.	Trading of vehicles	Co-shareholders and directors	-	-
Energy System Co., Ltd.	Manufacturing of electronic circuit board	Co-shareholder and director	-	-
A P S Multi-Trade Co., Ltd.	Trading of agricultural machinery and equipment	Co-shareholder and director	-	-
O J Development Co., Ltd.	Rental retail area	Co-shareholders and directors	-	-
Ruamthavee Motor Sales Co., Ltd.	Sales, buy, exchange of vehicle and spare parts	Co-shareholders and directors	-	-
Ruamthavee Khonkaen Co., Ltd.	Trading of truck and trailer	Co-shareholders and directors	-	-
Cho Ruamthavee Leasing and Realestate Co., Ltd.	Leasing, sale and exchange of vehicle and house	Co-directors	-	-
B.B & O Property Co., Ltd.	Sales and buy of property	Co-shareholders and directors	-	-
B.B and O Assets Co., Ltd.	Holding	Co-shareholders and directors	-	-
S.S Motor Work Co., Ltd.	Holding	Co-shareholders and directors	-	-
Tang Hua Singh Nakhonpathom Ltd., Partnership	Trading and repair of truck and trailer and trading of spare parts	Co-partnerships	-	-
Dongfeng Hangzhou Motor (Thailand) Co., Ltd.	Trading of vehicles	Indirect control	-	-
Doll Fahrzeugbau AG	Manufacturing and trading of trailer assembly	The Company's shareholder (0.66% holding)	-	-

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Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company.

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

Type of Transactions	Pricing Policies
Contract revenue, revenue from sales and rendering of services	Agreed price
Purchase and sale of fixed assets/intangible assets	Agreed price
Purchase of materials	Agreed price
Managements, rental and other income	Contract price and/or agreed price
Rental expense	Contract price
Interest income and interest expense	7% per annum

Significant transactions for the years ended December 31, 2013 and 2012 with related parties were as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Subsidiary				
Revenue from sale and rendering of services	-	-	9,286	12,032
Management fee income	-	-	2,567	2,464
Rental income	-	-	2,640	2,140
Interest income	-	-	4,821	1,165
Other income	-	-	2,059	1,468
Purchase of materials	-	-	91,181	57,838
Purchase of fixed assets	-	-	510	-
Rental expense	-	-	48	-
Interest expense	-	-	-	8
Jointly-controlled entity				
Other income	591	-	591	-

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	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Related parties				
Contract revenues	-	17,936	-	17,936
Revenue from sale and rendering of services	9,738	404	9,738	404
Management fee income	2,355	4,710	2,355	4,710
Rental income	943	943	943	943
Interest income	-	7,350	-	7,119
Other income	21	103	21	103
Sale of fixed assets	-	824	-	824
Purchase of fixed assets	4,673	97,057	4,673	69,100
Purchase of materials	99,191	88,054	99,191	87,791
Rental expense	1,652	126	1,400	-
Other expense	453	-	453	-
Remuneration of key management				
Salary and bonus	9,550	8,324	9,550	8,324
Meeting remuneration	710	20	710	20
Others	174	171	174	171
Expenses for post-employment benefits	542	702	542	702
Total	10,976	9,217	10,976	9,217

Balances as at December 31, 2013 and 2012 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Trade accounts receivable</b>				
Subsidiary	-	-	1,225	729
Related parties				
Khon Kaen Cho Thavee (1993) Co., Ltd.	5,394	-	5,394	-
Volrep Truck and Bus Co., Ltd.	4,649	1	4,649	1
Ruamthavee Khonkaen Co., Ltd.	62	5,719	62	5,719
Total	10,105	5,720	11,330	6,449



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The trade accounts receivable are aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current	4,647	-	5,267	643
Overdue:				
- Not over 3 months	64	5,720	669	5,806
- Over 3 months to 6 months	5,394	-	5,394	-
Total	10,105	5,720	11,330	6,449

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term loans to subsidiary	-	-	34,285	40,647

Movements during the years ended December 31, 2013 and 2012 of short-term loans to related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Balance as at January 1	-	123,195	40,647	125,431
Increase	-	225,470	125,577	351,584
Decrease	-	(348,665)	(131,939)	(436,368)
Balance as at December 31	-	-	34,285	40,647

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Interest receivable from subsidiary	-	-	5,493	672

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	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Other receivables</b>				
Subsidiary	-	-	606	2,712
Jointly-controlled entity	591	-	591	-
Related parties				
Khon Kaen Cho Thavee (1993) Co., Ltd.	1,301	348	1,301	348
Volrep Truck and Bus Co., Ltd.	277	16,142	277	16,142
Others	-	63	-	63
<b>Total</b>	<b>2,169</b>	<b>16,553</b>	<b>2,775</b>	<b>19,265</b>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Trade accounts receivable</b>				
Subsidiary	-	-	-	7,543
Related parties				
Doll Fahrzeugbau AG	24,957	26,472	24,957	26,472
Others	167	451	167	451
<b>Total</b>	<b>25,124</b>	<b>26,923</b>	<b>25,124</b>	<b>34,466</b>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Other payables</b>				
Subsidiary	-	-	4	-
Related parties				
Khun Rungtiwa Taweesaengsakulthai	200	-	200	-
Others	71	41	50	20
<b>Total</b>	<b>271</b>	<b>41</b>	<b>254</b>	<b>20</b>

**Significant agreements with related parties**

The Company has entered into building and vehicle lease agreements with two related parties. Total rental income under these agreements amounted to Baht 0.72 million per year.

The Company entered into administrative service agreement with a related party whereby the Company will provide the related party for certain business services e.g. services for accounting systems and administrative for a period of 3 years expiring on October 31, 2014. Under the terms of the agreements, the related party is committed to pay the Company for service charge as specified in the agreements.

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The Company has entered into building agreement a related person. Total rental expense under this agreement amounted to Baht 1.2 million per year.

**5. TRADE ACCOUNTS RECEIVABLE – OTHERS**

As at December 31, 2013 and 2012 the Group had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current	30,882	81,115	30,882	80,589
Overdue:				
- Not over 3 months	86,161	20,699	84,864	19,289
- Over 3 months to 6 months	539	209	539	103
- Over 6 months to 12 months	4,142	1,256	4,142	1,256
- Over 12 months	3,578	11,237	3,578	11,237
Total	125,302	114,516	124,005	112,474
Less allowance for doubtful accounts	(2,646)	(2,437)	(2,646)	(2,437)
Net	122,656	112,079	121,359	110,037

**6. WORK IN PROGRESS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Cost and attributable profit	332,194	213,192	320,715	201,316
Progress billings	(152,542)	(140,951)	(151,000)	(140,895)
Net	179,652	72,241	169,715	60,421
Comprising				
Unbilled contract work in progress	203,193	86,498	193,256	74,678
Excess of progress billings over contract work in progress	(23,541)	(14,257)	(23,541)	(14,257)
Net	179,652	72,241	169,715	60,421



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**7. INVENTORIES**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Finished goods	6,480	6,671	6,480	6,411
Work in progress	37,001	19,182	32,260	18,081
Raw materials	199,253	145,398	183,500	131,400
Raw materials in transit	16,637	23,530	16,405	23,522
Spare parts and supplies	8,619	7,346	7,696	6,935
Total	267,990	202,127	246,341	186,349
Less allowance for slow moving inventories	(10,011)	(11,265)	(9,410)	(10,484)
Net	257,979	190,862	236,931	175,865

**8. OTHER CURRENT ASSETS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Value added tax receivable	6,718	3,171	6,718	1,281
Withholding tax deducted at source	3,755	3,755	3,755	3,755
Input value added tax	3,299	1,571	3,254	1,456
Advance payment	2,816	7,093	2,802	7,091
Deposits for purchase of raw materials	1,811	4,673	1,811	4,673
Others	3,894	4,413	3,453	3,454
Total	22,293	24,676	21,793	21,710

**9. DEPOSITS AT FINANCIAL INSTITUTIONS UNDER PLEDGE**

As at December 31, 2013, deposits at financial institutions are used as guarantee for overdraft line and other credit facilities of Baht 3.9 million as discussed in Note 14.

**10. INVESTMENT IN SUBSIDIARY**

As at December 31, 2013 and 2012 the details of investment in the separate financial statements were as follows:

	Ownership Interest (%)	In Thousand Baht		
		Paid – up Capital	Cost Method	Dividend Income
Cho Thavee Thermo Tech Co., Ltd.				
At December 31, 2013 and 2012	99.99	20,000	22,600	-

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**11. PROPERTY, PLANT AND EQUIPMENT**

	Consolidated financial statements						
	In Thousand Baht						
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Deposits and construction in progress
<b>Cost</b>							<b>Total</b>
Balance as at January 1, 2012	28,000	926	108,747	133,600	15,555	18,340	317,106
Additions	122,694	4,488	33,611	9,226	751	2,311	212,047
Disposals	-	-	(2,132)	-	(428)	(1,494)	(4,054)
Transfer - net	-	-	9,935	1,624	-	-	(379)
Balance as at December 31, 2012	150,694	5,414	150,161	144,450	15,878	19,157	524,720
Additions	-	-	5,609	9,833	2,365	1,933	32,951
Written-off	-	-	-	(29,744)	(9,028)	(31)	(38,803)
Transfer - net	-	-	43,146	22	-	-	(43,356)
Balance as at December 31, 2013	150,694	5,414	198,916	124,561	9,215	21,059	518,680

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Consolidated financial statements								
In Thousand Baht								
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Deposits and construction in progress	Total
Accumulated depreciation								
Balance as at January 1, 2012	-	926	44,194	104,301	11,948	9,840	-	171,209
Depreciation charge for the year	-	55	6,041	17,446	1,288	2,642	-	27,472
Transfer - net	-	-	(1,157)	-	(412)	(675)	-	(2,244)
Disposals	-	-	-	(81)	-	-	-	(81)
Balance as at December 31, 2012	-	981	49,078	121,666	12,824	11,807	-	196,356
Depreciation charge for the year	-	662	9,062	10,391	1,399	2,621	-	24,135
Written-off	-	-	-	(29,743)	(9,027)	(31)	-	(38,801)
Balance as at December 31, 2013	-	1,643	58,140	102,314	5,196	14,397	-	181,690
Net book value								
As at December 31, 2012	150,694	4,433	101,083	22,784	3,054	7,350	38,966	328,364
As at December 31, 2013	150,694	3,771	140,776	22,247	4,019	6,662	8,821	336,990

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Separate financial statements								
In Thousand Baht								
	Land	Land improvements	Buildings and building improvements	Machinery And equipment	Furniture, Fixtures and office equipment	Vehicles	Construction in progress	Total
Cost								
Balance as at January 1, 2012	28,000	926	106,651	104,869	15,227	18,340	9,935	283,948
Additions	106,655	2,915	22,660	4,429	695	810	4,910	143,074
Disposals	-	-	(2,132)	-	(428)	(1,494)	-	(4,054)
Transfer - net	-	-	9,935	-	-	-	(9,935)	-
Balance as at December 31, 2012	134,655	3,841	137,114	109,298	15,494	17,656	4,910	422,968
Additions	-	-	5,609	5,263	2,261	1,933	6,236	21,302
Written-off	-	-	-	(29,744)	(9,028)	(31)	-	(38,803)
Transfer - net	-	-	1,792	22	-	-	(2,325)	(511)
Balance as at December 31, 2013	134,655	3,841	144,515	84,839	8,727	19,558	8,821	404,956

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## Separate financial statements

## In Thousand Baht

**Furniture,**

Fixtures

Machinery

## Buildings

Land

Land

## Construction

Accumulated depreciation

Balance as at January 1, 2012

Depreciation charge for the year

## Disposals

Balance as at December 31, 2012

Depreciation charge for the year

### Written-off

Balance as at December 31, 2013

Net book value

As at December 31, 2012

As at December 31, 2013

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Machinery and equipment, and vehicles with net book value of Baht 0.4 million and Baht 3.2 million, respectively, as at December 31, 2013 and Baht 0.9 million and Baht 2.7 million, respectively, as at December 31, 2012 are assets under hire-purchase agreements.

The gross carrying amounts of fully depreciated fixed assets of the Group those are still in use as at December 31, 2013 and 2012 amounted to Baht 100.3 million and Baht 75.2 million, respectively.

During the year ended December 31, 2012, the Group has entered into sale and purchase agreements of land and building with a director and a related party at the total price of Baht 95.6 million. Cash payments had been made at Baht 48.7 million, the remaining amounted to Baht 46.9 million was settled by offsetting with loans to and interest receivable from related parties.

All land and construction thereon with the net carrying value of Baht 295 million and Baht 256 million as at December 31, 2013 and 2012, respectively, have been pledged as collateral for the credit facilities granted from certain local financial institutions of the Group as discussed in Note 14

## **12. INTANGIBLE ASSETS**

	Consolidated financial statements				
	In Thousand Baht				
	Computer software	Know how fee	Trade mark	Patent under registration process	Total
<b>Cost</b>					
Balance as at January 1, 2012	35,805	4,000	-	3,039	42,844
Additions	-	-	-	1,685	1,685
Balance as at December 31, 2012	35,805	4,000	-	4,724	44,529
Additions	1,967	-	4,753	1,761	8,481
Balance as at December 31, 2013	37,772	4,000	4,753	6,485	53,010
<b>Accumulated amortization</b>					
Balance as at January 1, 2012	4,288	2,168	-	-	6,456
Amortization charge for the year	3,581	400	-	-	3,981
Balance as at December 31, 2012	7,869	2,568	-	-	10,437
Amortization charge for the year	3,607	400	-	-	4,007
Balance as at December 31, 2013	11,476	2,968	-	-	14,444
<b>Net book value</b>					
At December 31, 2012	27,936	1,432	-	4,724	34,092
At December 31, 2013	26,296	1,032	4,753	6,485	38,566

On May 2, 2005, the subsidiary entered into Know How Purchasing Contract with Mr. Jacques Teyssier. Under the agreement, he shall be provided expertise in helping the subsidiary to implement an industrial process to produce FRP-PU sandwich panels, technical and engineering assistance, training staffs and supplying production software. The subsidiary paid a know how fee amounted to Baht 4.0 million and recorded such payment as part of intangible assets (amortized to expense over the period of 10 years).



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**December 31, 2013 and 2012**

	Separate financial statements			
	In Thousand Baht			
	Computer software	Trade mark	Patent under registration process	Total
Cost				
Balance as at January 1, 2012	35,805	-	3,039	38,844
Additions	-	-	1,685	1,685
Balance as at December 31, 2012	35,805	-	4,724	40,529
Additions	1,827	4,753	1,761	8,341
Balance as at December 31, 2013	37,632	4,753	6,485	48,870
Accumulated amortization				
Balance as at January 1, 2012	4,288	-	-	4,288
Amortization charge for the year	3,581	-	-	3,581
Balance as at December 31, 2012	7,869	-	-	7,869
Amortization charge for the year	3,598	-	-	3,598
Balance as at December 31, 2013	11,467	-	-	11,467
Net book value				
At December 31, 2012	27,936	-	4,724	32,660
At December 31, 2013	26,165	4,753	6,485	37,403

On February 20, 2013, the Company entered into a transfer agreement of Trade mark with a related party at the total price of Baht 5 million and recorded such payment as part of intangible assets

### 13. INCOME TAX

Movements in deferred tax assets and deferred tax liabilities during the year were as follows:

	Consolidated financial statements				
	In Thousand Baht				
	At January 31, 2012	Recognized in profit or loss	At December 31, 2012	Recognized in profit or loss	At December 31, 2013
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	205	282	487	42	529
Allowance for slow-moving of inventories	1,954	299	2,253	(251)	2,002
Post-employment benefits	1,054	425	1,479	501	1,980
Warranty and penalty reserve	400	412	812	186	998
Contract loss reserve	31	(28)	3	13	16
Unrealized gain (loss) on financial instrument	(6)	(16)	(22)	183	161
Tax loss	5,450	(252)	5,198	(3,445)	1,753
	9,088	1,122	10,210	(2,771)	7,439
Non-controlling interest	1	-	1	-	1
<b>Total</b>	<b>9,089</b>	<b>1,122</b>	<b>10,211</b>	<b>(2,771)</b>	<b>7,440</b>

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**December 31, 2013 and 2012**

	Separate financial statements				
	In Thousand Baht				
	At January 31, 2012	Recognized in profit or loss	At December 31, 2012	Recognized in profit or loss	At December 31, 2013
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	205	282	487	42	529
Allowance for slow-moving of inventories	1,849	248	2,097	(215)	1,882
Post-employment benefits	960	396	1,356	477	1,833
Warranty and penalty reserve	400	295	695	145	840
Contract loss reserve	31	(28)	3	13	16
Unrealized gain (loss) on financial instrument	(6)	(16)	(22)	183	161
<b>Total</b>	<b>3,439</b>	<b>1,177</b>	<b>4,616</b>	<b>645</b>	<b>5,261</b>

**Income tax expense**

	Consolidated financial statements	
	In Thousand Baht	
	2013	2012
Current tax expense	4,192	5,701
Adjustment for prior year tax	-	1,207
Movement in temporary difference	2,771	(1,122)
<b>Net</b>	<b>6,963</b>	<b>5,786</b>
<b>Reconciliation of income tax expense</b>		
Profit before income tax	50,581	27,235
Income tax using the corporate tax rate (20% in 2013 and 23% in 2012)	10,116	6,264
Adjustment for prior year tax	-	1,207
Income not subject to tax	(592)	(1,567)
Additional deductible expense	(3,728)	-
Others	1,167	(118)
<b>Total</b>	<b>6,963</b>	<b>5,786</b>



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	Separate financial statements	
	In Thousand Baht	
	2013	2012
Current tax expense	4,192	5,701
Adjustment for prior year tax	-	1,207
Movement in temporary difference	(645)	(1,177)
Net	3,547	5,731
<b>Reconciliation of income tax expense</b>		
Profit before income tax	33,886	20,647
Income tax using the corporate tax rate (20% in 2013 and 23% in 2012)	6,777	4,749
Adjustment for prior year tax	-	1,207
Income not subject to tax	(592)	-
Additional deductible expense	(3,728)	-
Others	1,090	(225)
Total	3,547	5,731

#### 14. CREDIT FACILITIES

As at December 31, 2013 the Group has agreements with local financial institutions for the following credit facilities:

	In Thousand	
	U.S. Dollars	Baht
Long-term loan	-	6,000
Short-term loan	-	48,000
Bank overdraft	-	56,900
Letter of credit, domestic letter of credit and trust receipts	-	1,007,846
Forward exchange contract	2,320	840,000
Letter of guarantee	-	32,154
Total	2,320	1,990,900

The credit facilities are secured by:

- Mortgage of the Company and subsidiary's land and structures as described in Note 11;
- Deposits at financial institutions under pledge as described in Note 9;
- The insurance coverage on structures are assigned to the banks;
- The guarantee of certain directors and related parties, and
- Mortgage of land and structures of certain related parties.

The above credit facilities contain certain restrictions on maintenance of financial ratios and etc.

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**15. BANK OVERDRAFTS AND SHORT-TERM LOANS  
FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Bank overdrafts	34,887	39,998	33,256	34,948
Liabilities under trust receipts and Domestic letter of credit	257,435	445,487	236,168	427,605
Promissory notes	40,000	47,929	40,000	40,000
Total	332,322	533,414	309,424	502,553

- a) The liabilities under trust receipts bear interest at the rates ranging from 4.45% to 7.25 per annum in 2013 and Minimum Loan Rate (MLR) minus 1.75% per annum to MLR plus 0.50% per annum in 2012.
- b) Promissory notes bear interest at the rates ranging from MLR minus 1.75% to Minimum Overdraft Rate (MOR) per annum.

The above bank overdrafts and short-term loans are secured by assets and guaranteed by certain directors as described in Note 14.

Under the terms of trust receipts agreements, certain imported inventories have been released to the Group in trust of the financial institutions. The Group, therefore, is accountable to the financial institutions for such inventories.

**16. FINANCE LEASE LIABILITIES**

Finance lease liabilities are payable as follows:

	In Thousand Baht					
	Consolidated financial statements					
	2013			2012		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	3,614	171	3,785	7,245	462	7,707
After one year but within five years	1,581	52	1,633	2,653	135	2,788
Total	5,195	223	5,418	9,898	597	10,495

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	In Thousand Baht					
	Separate financial statements					
	2013			2012		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	3,272	121	3,393	6,924	391	7,315
After one year but within five years	1,002	23	1,025	1,732	56	1,788
Total	4,274	144	4,418	8,656	447	9,103

The Company entered into hire-purchase contracts with two local financial institutions and two local companies covering its transportation, machinery and computer equipment. Under the terms of the contract, the Company must comply with certain conditions covering the leased assets.

As of December 31, 2013 and 2012 the Company had future minimum lease payment under the hire-purchase contracts as follows:

Years	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
2013	-	7,707	-	7,315
2014	3,785	1,912	3,393	1,520
2015	742	540	350	148
2016	537	336	321	120
2017	202	-	202	-
2018	152	-	152	-
Total	5,418	10,495	4,418	9,103

## 17. LONG-TERM LOANS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Loan from the first local bank	-	1,738	-	1,738
Loan from the second local bank	-	4,645	-	3,312
Loan from the third local bank	5,308	6,000	-	-
Loan from a foreign investment company	-	13,195	-	13,195
Total	5,308	25,578	-	18,245
Less current portion due within one year	(924)	(20,348)	-	(18,245)
Net	4,384	5,230	-	-



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The loan from the first local bank bears interest at the rate of MLR minus 1.75% per annum in the first and second year and at the rate of MLR per annum after that. Interest is repayable at the end of each month. Such loan is repayable at 120 monthly equal installments and maturing within July 8, 2013.

The loan from the second local bank bears interest at the rate of MLR plus 1.5% per annum. Interest is repayable at the end of each month. Such loan is repayable at 36 monthly equal installments and maturing within April 2013.

The loan from the third local bank bears interest at the rate of MLR per annum. Interest is repayable at the end of each month. Such loan is repayable at 84 monthly equal installments and maturing within August 2019. Interest expense not over Baht 325,000 up to November 2013 was supported by The National Innovation Agency (Public Organization).

Such loans from local banks are secured by assets and guaranteed by certain directors of the Group as described in Note 14.

The above long-term loans contain certain restrictions on maintenance of financial ratios and etc.

On February 1, 2011, the Company has entered into Repayment Agreement to repay the above loan from a foreign investment company totaling amounted to Baht 46,695,343 (comprise of principal amounted to Baht 40,000,000 and interest payable, computed based on the above repayment conditions, amounted to Baht 6,695,343). The loan is repayable at 20 monthly installments at the amount as stipulate in the agreement and maturing within September 28, 2012. After that on August 10, 2012, the Company has entered into renew Repayment Agreement to repay the above loan amounted to Baht 20,695,343. The loan is repayable at 14 monthly installments at the amount as stipulate in the agreement and maturing within September 30, 2013.

## **18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Accrued salary and bonus	8,742	6,265	8,080	5,832
Warrantee reserve	4,990	3,059	4,200	2,475
Accrued commission	2,923	1,578	2,804	1,578
Construction payable	-	10,108	-	-
Subscription payable	-	1,595	-	1,595
Others	13,425	13,497	10,045	10,893
Total	<u>30,080</u>	<u>36,102</u>	<u>25,129</u>	<u>22,373</u>

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**19. LIABILITY FOR POST-EMPLOYMENT BENEFITS**

Movements of liability for post-employment benefits for the years ended December 31, 2013 and 2012 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Liability for post-employment benefits as at January 1	7,398	5,267	6,781	4,798
Current service cost	1,114	827	937	692
Interest cost	330	237	302	216
Actuarial losses	1,060	1,067	1,147	1,075
Expense recognized in profit or loss	2,504	2,131	2,386	1,983
Employee benefits paid during the year	-	-	-	-
Liability for post-employment benefits as at December 31	9,902	7,398	9,167	6,781

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

- Discount rate 4.0% per annum in 2013 and 4.5% per annum in 2012
- Salary increase rate 5% per year
- Employee turnover rates 1.5% and 5% per year
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 15% of Thai Mortality Table (year 2008)

**20. JOINTLY-CONTROLLED ENTITY**

The Company entered into an agreement to establish "Joint venture TSP-CTV" (Jointly-controlled entity) with another company to engage in trading and installation of electric lighting and electrical equipment. Under the term of the agreement, the Company share profit or loss of the joint venture at 50%. The term of the agreement is five years ending in August 2018, and renewable for one year.

The registered office address of the Joint venture is located at 96/25 Moo 3, Vibhavadi Rangsit Road, Talat Bang Khen, Laksi, Bangkok.

During the year ended December 31, 2013, the Company share of loss of this joint venture amounting to Baht 347,387.

The financial information of this joint venture as at December 31, 2013 and for the period on August 2, 2013 to December 31, 2013 was as follows:

	In Thousand Baht
Total assets	148
Total liabilities	591
Total expense and loss for the period	695



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**21. SHARE CAPITAL AND WARRANTS**

	In Baht	In Thousand Shares / In Thousand Baht			
	Par value	2013		2012	
		Number	Amount	Number	Amount
Authorized - ordinary shares					
At January 1,	0.25	520,000	130,000	520,000	130,000
Increase share capital	0.25	560,000	140,000	-	-
At December 31,	0.25	<u>1,080,000</u>	<u>270,000</u>	<u>520,000</u>	<u>130,000</u>
Issued and paid - up					
- Ordinary shares					
At January 1,		520,000	130,000	520,000	130,000
Increase of new shares		200,000	50,000	-	-
At December 31,		<u>720,000</u>	<u>180,000</u>	<u>520,000</u>	<u>130,000</u>

At the extraordinary shareholders' meeting held on December 24, 2012, the shareholders of the Company:

- passed the special resolution to increase authorized share capital from Baht 130,000,000 (1,300,000 shares at Baht 100 par value) to Baht 180,000,000 (720,000,000 shares at Baht 0.25 par value). The capital increase was registered with the Ministry of Commerce on January 2, 2013. Accordingly, the number of paid-up share capital has been changed from 1,300,000 shares to 520,000,000 shares.
- approved the resolution to list the Company's securities on MAI in order to support the Company's expansion in the future.

On January 15, 2013, the Company submitted a registration statement to the Office of Securities Exchange Commission of Thailand for offering 200,000,000 ordinary shares at Baht 1.80 par value to the public. The Company was allowed to offer its securities to the public on April 26, 2013 and the Stock Exchange of Thailand in the Market for Alternative Investment (MAI) issued an order accepting the ordinary shares of the Company as registered securities on May 13, 2013.

In May 2013, the Company offered the newly issued 200,000,000 ordinary shares to the public. As a result, the Company received the proceeds of Baht 360 million which was separately recorded as its share capital of Baht 50 million and share premium of approximately Baht 291.36 million (net of related expenses incurred for the offering of ordinary shares of approximately Baht 18.64 million) under the "Shareholders' equity" in the statement of financial position as at September 30, 2013. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 9, 2013.

**Warrants**

At the extraordinary shareholders' meeting held on October 16, 2013, the shareholders of the Company:

- approved the issuance and offering 360 million units of free warrant to the existing shareholders at the portion of 2 ordinary shares for 1 warrant within October 28, 2013;

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- b) passed the resolution to increase authorized share capital from Baht 180,000,000 (720,000,000 ordinary shares at Baht 0.25 par value) to Baht 270,000,000 (1,080,000,000 ordinary shares at Baht 0.25 par value) to reserved for the exercise of the warrants to be issue to the existing shareholders as mentioned in a). The capital increase was registered with the Ministry of Commerce on October 17, 2013.

The Company issued and offered 360,000,000 units of free warrants on October 28, 2013 to the existing shareholders on the basis of 2 ordinary shares for 1 unit of warrant. The term of the warrants are as follows:

Exercise ratio:	1 unit of warrant to 1 new ordinary share (the exercise ratio may from time to time be changed in accordance with the adjustment provisions of the warrants.)
Exercise price per share:	Baht 0.50 per share (the exercise price may from time to time be changed in accordance with the adjustment provisions of the warrants.)
Exercise period:	The warrants shall be exercisable, in whole or in part, after the six months of the issuing date of the warrants. The exercise date shall be the last business day of March, June, September and December of every year. The first exercise date is on December 30, 2014 and the last exercise date is on October 27, 2016.

As at November 20, 2013, the Stock Exchange of Thailand has granted the Company's warrants 359,899,980 units status as a listed stock and permitted the warrants to be traded on the Market for Alternative Investment (MAI).

As at December 31, 2013, the entitlement to exercise the warrants has not yet arisen.

## **22. SHARE PREMIUM**

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

## **23. LEGAL RESERVE**

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



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**24. EXPENSES BY NATURE**

Significant expenses by nature are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Changes in finished goods and work in process	(17,628)	(3,307)	(14,248)	(4,094)
Raw materials and supplies usage	697,589	514,859	612,049	439,196
Salary, wages and other employee benefits	100,375	69,778	91,637	62,117
Depreciation and amortization	28,143	31,453	22,473	28,710
Management remuneration	10,976	9,217	10,976	9,217

**25. SEGMENT INFORMATION**

The following table presents revenue and profit information regarding the Group's operating segments for the years ended December 31, 2013 and 2012 which is provided to the Chief Executive Officer of the Group, who is the chief operating decision maker of the Company and its subsidiary.

**Business segments**

The Group is comprised the following main business segments:

Contract revenues	:	Sales of manufacturing goods under the contracts entered into with the customers
Revenue from sales	:	Sales of spare parts and merchandises
Services	:	Providing repair and maintenance services

	In Thousand Baht			
	Contract revenues	Revenue from sales	Revenue from rendering of services	Total
<b>For the year ended December 31, 2013</b>				
Revenues	767,459	52,255	50,697	870,411
Gross margin	167,337	3,220	20,413	190,970
Unallocated selling and administrative expenses and finance costs				(141,409)
Unallocated other income				4,464
Unallocated loss on exchange rate				(3,097)
Unallocated share of loss of jointly-controlled entity				(347)
Unallocated income tax expense				(6,963)
Profit before non controlling interests				43,618



**CHO THAVEE DOLLASIEN PUBLIC COMPANY LIMITED**  
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Notes to the financial statements (Continued)  
December 31, 2013 and 2012

	In Thousand Baht			
	Contract revenues	Revenue from sales	Revenue from rendering of services	Total
<b>For the year ended December 31, 2012</b>				
Revenues	625,656	10,874	33,328	669,858
Gross margin	129,839	7,126	9,316	146,281
Unallocated selling and administrative expenses and finance costs				(140,349)
Unallocated other income				13,873
Unallocated gain on exchange rate				7,430
Unallocated income tax expense				(5,786)
Profit before non controlling interests				21,449

The Group does not allocated it's assets by business segment.

The Group's revenues from major customers for the years ended December 31, 2013 and 2012 were as follows:

	In Thousand Baht	
	2013	2012
Revenues	343,326	249,916

The Group's segment revenues based on the geographic location of customers for the years ended December 31, 2013 and 2012 were as follows:

	In Thousand Baht	
	2013	2012
Thailand	505,747	351,604
The United Arab Emirates	122,646	188,523
Others	242,018	129,731
Total	870,411	669,858

## **26. EARNINGS PER SHARE**

### **Basic earnings per share**

Basic earnings per share for the years ended December 31, 2013 and 2012 are determined by dividing the profit for the years attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the years as follows:

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**December 31, 2013 and 2012**

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Profit attributable to equity holders of the Company	<u>43,617</u>	<u>21,448</u>	<u>30,339</u>	<u>14,916</u>
Number of ordinary shares outstanding at January 1,	520,000	520,000	520,000	520,000
Effective of issuance of new shares	<u>127,671</u>	<u>-</u>	<u>127,671</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>647,671</u>	<u>520,000</u>	<u>647,671</u>	<u>520,000</u>
Earnings per share (basic) (Baht)	<u>0.07</u>	<u>0.04</u>	<u>0.05</u>	<u>0.03</u>

**Diluted earnings per share**

Diluted earnings per share for the years ended December 31, 2013 and 2012 are determined by dividing the profit for the years attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Profit attributable to equity holders of the Company	<u>43,617</u>	<u>21,448</u>	<u>30,339</u>	<u>14,916</u>
Number of ordinary shares outstanding (basic)	647,671	520,000	647,671	520,000
Effect of exercise of warrants	<u>30,036</u>	<u>-</u>	<u>30,036</u>	<u>-</u>
Number of ordinary shares outstanding (diluted)	<u>677,707</u>	<u>520,000</u>	<u>677,707</u>	<u>520,000</u>
Earnings per share (diluted) (Baht)	<u>0.06</u>	<u>0.04</u>	<u>0.04</u>	<u>0.03</u>

**27. FINANCIAL INSTRUMENTS**

**Financial risk management policies**

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

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**December 31, 2013 and 2012**

**Foreign currency risk**

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

As at December 31, 2013 the outstanding unhedged foreign currency assets and liabilities due within one year were as follows:

	In Thousand	
	Assets	Liabilities
Euro	99	608
U.S. Dollars	127	396
AED	-	34

Management believes that such foreign currency risk is minimal.

**Credit risk**

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

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

**Liquidity risk**

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

**Fair values**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

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

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



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Long-term loans mainly bear interest at floating rate, reference to the market rate - the carrying value approximates their fair value.

## **28. COMMITMENTS**

As at December 31, 2013, the Group had:

- a) rental of land and building, vehicle and others agreements with local companies, third party and related parties for various periods up to September 2016. The Group is committed to pay the fees under the agreements as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Within 1 year	4,524	3,418	4,272	3,142
After 1 year but within 5 years	2,840	5,110	2,840	5,110
Total	7,364	8,528	7,112	8,252

- b) unused letters of credit totaling Euro 0.7 million (equivalent to Baht 30.6 million) and U.S. Dollars 0.7 million (equivalent to Baht 23.8 million) and
- c) outstanding balance of forward purchase contracts of Euro 0.3 million (equivalent to Baht 12.4 million) and U.S. Dollars 0.06 million (equivalent to Baht 1.8 million) and forward sale contracts of Euro 0.9 million (equivalent to Baht 38.3 million), U.S. Dollars 0.6 million (equivalent to Baht 20.4 million), and SGD 0.4 million (equivalent to Baht 10.9 million) The above contracts mature in July 2014, and
- d) letters of guarantee issued by local banks to various private companies, government agencies and state enterprises amounting to approximately Baht 124.9 million.

## **29. OTHER**

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the manufacturing of fabrication industry and repairing service of platform. The privileges granted include among others, the following:

- a) exemption from the payment of income tax for certain operations not exceed Baht 3.5 million, for a period of eight (8) years from the date on which the income is first derived from such operation up to April 2019.
- b) exemption from payment of import duties on imported machinery necessary for production as approved by the Board of Investment, and
- c) exemption from payment of import duties on imported raw materials and supplies using for production and export as approved by the Board of Investment.

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As a promoted companies, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

**30. EVENT AFTER THE REPORTING PERIOD**

At the Board of Directors' meeting held on February 26, 2014, the Board of Directors passed the resolution to pay the dividend for the 2013 operations at Baht 0.015 per share, totaling Baht 10.8 million, to the shareholders. The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2014.

**31. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for dissemination by the Company's directors on February 26, 2014.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**

**Financial Statements**

**For the Year Ended December 31, 2012**

**and Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.***

***Certified Public Accountants***

# M.R. & ASSOCIATES CO., LTD.

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## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of Cho Thavee Dollasien Public Company Limited

I have audited the accompanying consolidated financial statements of Cho Thavee Dollasien Co., Ltd. and its subsidiary, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. I have also audited the financial statements of Cho Thavee Dollasien Co., Ltd., which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements.

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



*Opinion*

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cho Thavee Dollasien Co., Ltd. and its subsidiary as at December 31, 2012, and their financial performance and their cash flows for the year then ended, and the separate financial statements referred to above present fairly, in all material respects, the financial position of Cho Thavee Dollasien Co., Ltd. as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Mr. Methee Ratanasrimetha)  
Certified Public Accountant  
Registration No. 3425

Bangkok  
March 5, 2013

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2012 AND 2011

ASSETS

	Note	In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		7,896,489	12,112,955	7,837,423	12,058,822
Trade accounts receivable					
- Related parties	4	5,719,805	3,527,795	6,449,301	1,465,563
- Others	5	112,078,458	93,137,120	110,036,862	91,653,056
Unbilled contract work in progress	6	86,498,355	90,047,904	74,678,613	87,121,146
Short-term loans to related parties	4	-	123,195,277	40,647,403	125,431,630
Interest receivable from related parties	4	-	26,229,737	672,374	26,471,006
Other receivable from related parties	4	16,552,683	5,970,864	19,264,509	6,905,711
Inventories	7	190,861,834	178,553,029	175,864,997	163,413,580
Other current assets	8	24,676,078	15,416,869	21,709,634	13,958,245
<b>Total Current Assets</b>		<u>444,283,702</u>	<u>548,191,550</u>	<u>457,161,116</u>	<u>528,478,759</u>
<b>NON-CURRENT ASSETS</b>					
Deposits at financial institutions under pledge	9, 13	13,400,000	13,400,000	13,400,000	13,400,000
Investments in subsidiary	10	-	-	22,599,950	22,599,950
Investment in held-to-maturity debt securities		1,000,000	-	1,000,000	-
Property, plant and equipment	11, 13	328,364,928	145,896,990	254,432,458	138,297,239
Intangible assets	12	34,092,212	36,387,871	32,659,883	34,555,542
Other non-current assets		1,680,270	1,260,158	1,643,358	1,243,900
<b>Total Non-Current Assets</b>		<u>378,537,410</u>	<u>196,945,019</u>	<u>325,735,649</u>	<u>210,096,631</u>
<b>TOTAL ASSETS</b>		<u>822,821,112</u>	<u>745,136,569</u>	<u>782,896,765</u>	<u>738,575,390</u>

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

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2012 AND 2011

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
	Note		"Restated"		"Restated"
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	13, 14	533,414,549	474,009,696	502,553,316	463,198,569
Trade accounts payable					
- Related parties	4	26,923,354	36,871,830	34,466,247	37,026,017
- Others		67,356,271	32,742,140	64,291,994	27,953,255
Current portion of finance lease liabilities	15	7,245,083	6,552,170	6,924,478	6,552,170
Current portion of long-term loans	13, 16	20,348,987	45,203,343	18,245,654	41,203,343
Other payable to related party	4	40,790	617,052	19,790	603,857
Advances received from customers	6	14,257,498	25,701,037	14,257,498	25,701,037
Income tax payable		3,749,123	1,192,030	3,749,123	1,192,030
Accrued expenses and other current liabilities	17, 22	36,101,690	24,654,489	22,373,183	23,367,477
<b>Total Current Liabilities</b>		<b>709,437,345</b>	<b>647,543,787</b>	<b>666,881,283</b>	<b>626,797,755</b>
<b>NON-CURRENT LIABILITIES</b>					
Finance lease liabilities	15	2,652,523	8,165,508	1,731,935	8,165,508
Long-term loans	13, 16	5,230,000	6,383,660	-	5,050,327
Liability for post-employment benefits	18	7,397,994	5,267,056	6,781,195	4,798,239
<b>Total non-current liabilities</b>		<b>15,280,517</b>	<b>19,816,224</b>	<b>8,513,130</b>	<b>18,014,074</b>
<b>Total Liabilities</b>		<b>724,717,862</b>	<b>667,360,011</b>	<b>675,394,413</b>	<b>644,811,829</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	19				
Authorized share capital		130,000,000	130,000,000	130,000,000	130,000,000
Issued and paid-up share capital		130,000,000	130,000,000	130,000,000	130,000,000
Discount from increment of investment in subsidiary		(5,633,115)	(5,633,115)	-	-
Deficit	22	(26,265,035)	(46,591,074)	(22,497,648)	(36,236,439)
<b>Equity attributable to equity holders of the parent</b>		<b>98,101,850</b>	<b>77,775,811</b>	<b>107,502,352</b>	<b>93,763,561</b>
Non-controlling interest		1,400	747	-	-
<b>Total shareholders' equity</b>		<b>98,103,250</b>	<b>77,776,558</b>	<b>107,502,352</b>	<b>93,763,561</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>822,821,112</b>	<b>745,136,569</b>	<b>782,896,765</b>	<b>738,575,390</b>

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

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2012	2011	2012	2011
<b>REVENUES</b>					
Contract revenues	4	625,656,237	636,850,674	576,613,440	611,569,692
Revenue from sales and rendering of services	4	44,201,970	32,508,877	55,808,109	37,471,751
Gain on exchange rate - net		7,429,703	4,126,388	7,255,687	4,145,906
Other income	4	13,873,274	28,936,680	20,277,410	33,666,731
<b>Total Revenues</b>		<b>691,161,184</b>	<b>702,422,619</b>	<b>659,954,646</b>	<b>686,854,080</b>
<b>EXPENSES</b>					
	20				
Cost of contract work	4	495,816,583	519,295,745	469,278,510	509,116,923
Cost of sales and rendering of services	4	27,760,451	31,165,440	39,711,026	36,142,044
Selling expenses		33,863,031	33,921,405	29,377,550	30,836,643
Administrative expenses	4	65,756,085	49,591,754	62,294,808	48,312,065
Finance costs	4, 15	40,729,923	41,346,071	38,645,542	39,577,315
<b>Total Expenses</b>		<b>663,926,073</b>	<b>675,320,415</b>	<b>639,307,436</b>	<b>663,984,990</b>
<b>Profit before Income Tax Expense</b>		<b>27,235,111</b>	<b>27,102,204</b>	<b>20,647,210</b>	<b>22,869,090</b>
<b>Income Tax Expense</b>	21	<b>6,908,419</b>	<b>2,808,851</b>	<b>6,908,419</b>	<b>2,808,851</b>
<b>PROFIT FOR THE YEAR</b>		<b>20,326,692</b>	<b>24,293,353</b>	<b>13,738,791</b>	<b>20,060,239</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>					
		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>					
		<b>20,326,692</b>	<b>24,293,353</b>	<b>13,738,791</b>	<b>20,060,239</b>
Profit and Comprehensive Income attributable to:					
Equity holders of the parent		20,326,039	24,016,698	13,738,791	20,060,239
Non-controlling interest		653	276,655	-	-
		<b>20,326,692</b>	<b>24,293,353</b>	<b>13,738,791</b>	<b>20,060,239</b>
<b>Earnings per Share</b>					
attributable to equity holders of the parent		<b>15.64</b>	<b>18.68</b>	<b>10.57</b>	<b>15.60</b>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Note	In Baht				
		Issued and paid-up share capital	Discount from increment of investment in subsidiary	Equity attributable to equity holder of the parent	Non- controlling interest	Total shareholders' equity
<b>Balance as at January 1, 2011 - as previously reported</b>		120,000,000	-	53,000,936	690,977	53,691,913
Adjustment	22	-	-	(3,608,708)	-	(3,608,708)
<b>Balance as at January 1, 2011 - as restated</b>		120,000,000	-	49,392,228	690,977	50,083,205
Capital increase	18	10,000,000	-	10,000,000	-	10,000,000
Addition investment in subsidiary by purchasing shares from non-controlling interest		-	-	-	(6,600,000)	(6,600,000)
Dilution in non-controlling interest		-	(5,633,115)	(5,633,115)	5,633,115	-
Total comprehensive income for the year		-	-	24,016,698	276,655	24,293,353
<b>Balance at December 31, 2011</b>		130,000,000	(5,633,115)	77,775,811	747	77,776,558
Total comprehensive income for the year		-	-	20,326,039	653	20,326,692
<b>Balance at December 31, 2012</b>		130,000,000	(5,633,115)	98,101,850	1,400	98,103,250

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

**CHO THAVEE DOLLASIEN CO., LTD.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

		In Baht	
	Note	Issued and paid-up share capital	Shareholders' equity - net
			Deficit
Balance as at January 1, 2011 - as previously reported		120,000,000	(52,687,970)
Adjustment	22	-	(3,608,708)
Balance as at January 1, 2011 - as restated		120,000,000	(56,296,678)
Capital increase	18	10,000,000	-
Total comprehensive income for the year		-	20,060,239
Balance at December 31, 2011		130,000,000	(36,236,439)
Total comprehensive income for the year		-	13,738,791
Balance at December 31, 2012		130,000,000	(22,497,648)

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

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Profit for the year	20,326,692	24,293,353	13,738,791	20,060,239
Adjustments for				
Depreciation and amortization	31,452,700	30,750,697	28,709,515	27,005,762
Expenses for post-employment benefits	2,130,938	789,307	1,982,956	701,568
Interest income	(8,396,681)	(10,649,236)	(8,803,548)	(10,794,233)
Interest expense	39,882,580	39,332,139	37,360,766	37,563,383
Increase (decrease) in allowance for doubtful accounts	1,411,213	(2,758,684)	1,411,213	(2,705,648)
Increase in allowance for slow moving inventories	1,490,687	3,453,128	1,237,369	3,292,023
Unrealized loss on exchange rate	207,294	2,629,919	209,696	2,596,510
Loss (gain) on sale of fixed assets	(544)	171,192	(544)	171,192
Loss on written-off fixed assets	974,777	539,537	974,777	539,537
Income tax expense	6,908,419	2,808,851	6,908,419	2,808,851
	96,388,075	91,360,203	83,729,410	81,239,184
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	(22,496,489)	32,680,972	(24,730,685)	37,730,571
Unbilled contract work in progress	3,549,549	(17,335,540)	12,442,533	(18,028,219)
Inventories	(13,539,492)	(49,847,207)	(13,688,786)	(46,710,918)
Other receivable from related parties	(10,581,819)	(367,529)	(12,358,798)	(919,709)
Other current assets	(10,108,274)	(1,192,412)	(7,765,475)	(226,739)
Deposits at financial institutions under pledge	-	8,553,066	-	8,553,066
Other non-current assets	(420,112)	87,053	(399,458)	96,500
Trade accounts payable	24,395,886	12,419,659	33,507,000	7,915,132
Other payable to related parties	(576,262)	93,411	(584,067)	80,216
Excess of progress billings over contract work in progress	(11,443,539)	(26,534,292)	(11,443,539)	(26,534,292)
Accrued expenses and other current liabilities	1,832,536	(8,630,931)	(1,240,390)	(9,174,060)
Income tax paid	(4,351,326)	(1,616,821)	(4,351,326)	(1,616,821)
<b>Net cash provided by operating activities</b>	<b>52,648,733</b>	<b>39,669,632</b>	<b>53,116,419</b>	<b>32,403,911</b>

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



CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
STATEMENTS OF CASH FLOWS (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Cash flows from investing activities</b>				
Interest received	20,396,364	501,417	20,361,713	312,636
Decrease in short-term loans to related parties	91,385,811	44,326,927	59,588,780	42,944,228
Additions to investment in subsidiary	-	(2,999,472)	-	(2,999,472)
Additions to investment in held-to-maturity debt securities	(1,000,000)	-	(1,000,000)	-
Proceeds from sale of fixed assets	835,887	140,187	835,887	140,187
Additions to fixed assets	(152,954,787)	(25,256,836)	(103,066,394)	(23,901,012)
Additions to intangible assets	(1,684,857)	(17,933,673)	(1,684,857)	(17,140,873)
<b>Net cash used in investing activities</b>	<b>(43,021,582)</b>	<b>(1,221,450)</b>	<b>(24,964,871)</b>	<b>(644,306)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(40,352,211)	(41,085,736)	(37,091,040)	(38,987,659)
Increase in bank overdrafts and short-term loans from financial institutions	59,395,626	32,618,007	39,345,318	33,148,774
Decrease in short-term loans from related party	-	(50,000)	-	-
Increase in long-term loans	6,000,000	-	-	-
Payment of long-term loans	(32,008,016)	(35,509,043)	(28,008,016)	(31,509,043)
Payment of finance lease liabilities	(6,879,016)	(6,429,309)	(6,619,209)	(6,429,309)
Proceeds from capital increase	-	10,000,000	-	10,000,000
<b>Net cash used in financing activities</b>	<b>(13,843,617)</b>	<b>(40,456,081)</b>	<b>(32,372,947)</b>	<b>(33,777,237)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,216,466)</b>	<b>(2,007,899)</b>	<b>(4,221,399)</b>	<b>(2,017,632)</b>
Cash and cash equivalents at beginning of years	12,112,955	14,120,854	12,058,822	14,076,454
<b>Cash and cash equivalents at end of years</b>	<b>7,896,489</b>	<b>12,112,955</b>	<b>7,837,423</b>	<b>12,058,822</b>
<b>Non-cash transaction</b>				
Purchased 400,000 common shares of the subsidiary from the existing shareholder at the total consideration of Baht 6.6 million for which cash has not been paid to the seller	1,595,329	3,600,528	1,595,329	3,600,528
Purchases of fixed assets for which cash has not been paid	12,166,870	1,420,800	557,944	628,000
Purchases of fixed assets for which settlement was made by offsetting with loans to and interest receivable from related parties	46,888,585	-	39,450,000	-

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements**  
**December 31, 2012 and 2011**

**1. GENERAL**

Cho Thavee Dollasien Co., Ltd. "the Company" is incorporated as a limited company in Thailand on November 18, 1994. The major shareholder of the Company is Group of Taweesaengsakulthai who owns 98.18% of the Company's authorized share capital. The Company is engaged in the business of manufacturing, selling and providing service of trailer assembly and special vehicles and equipment.

The registered offices are as follows:

Head office : 265 Moo 4, Klang Muang Road, Tambol Muang Khao, Amphur Muang, Khon Kaen  
Branch 1 : 96/25 Moo 3, Vibhavadi Rangsit Road, Talat Bang Khen, Laksi, Bangkok  
Branch 2 : 66/5 Moo 2, Tambol Pong, Amphur Bang Lamung, Chonburi

The subsidiary is Cho Thavee Thermo Tech Co., Ltd. (incorporated in Thailand) representing ownership interest of 99.99%. The subsidiary is engaged in manufacturing, fabrication, assembly for panel and container according to contracts entered into with customers.

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

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

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

The Federation of Accounting Professions has issued new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) relevant to the Company's operations that have been effective as follows:

Effective for the period beginning on or after January 1, 2013

TAS 12	Income tax
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The management is assessing the impact of the adoption of the above TAS and TFRS.

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

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group").

Significant intra-group transactions between the Company and its subsidiary are eliminated on consolidation.

#### **Subsidiary**

Subsidiary is the company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Accounting for acquisitions of non-controlling interests**

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

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

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

#### **Trade Accounts Receivable and Allowance for Doubtful Accounts**

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

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

#### **Inventory Valuation**

Finished goods, work in progress, raw materials and spare parts and supplies

Inventories are stated at the lower of cost (after deduction of allowance for slow moving inventories) and net realizable value.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

Cost is calculated using the standard cost formula (which approximates actual cost) for finished goods and work in progress, and weighted average cost formula for raw materials and supplies; and 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 overheads based on normal operating capacity.

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

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

**Contract work**

When the outcome of a contract can be estimated reliably, contract costs are recognized as expenses in statement of income by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in statement of income immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognized as an expense in statement of income for the period in which they are incurred.

**Investment in Subsidiary**

Investment in subsidiary in the separate financial statements is accounted for using the cost method and stated at cost net of allowance for impairment (if any).

**Investment in Held-to-Maturity Debt Securities**

Debt securities that the Company has positive intent and ability to hold to maturity are classified as held-to-maturity debt securities in the statement of financial position. The Company accounts for this investment at the amortized cost net of allowance for impairment (if any).

**Property, Plant and Equipment**

**Owned assets**

Land is stated at cost, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

**Leased assets**

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

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

Land improvements	5 years
Buildings, building improvements and leasehold improvements	20 years
Machinery and equipment	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

No depreciation is provided on land and assets under construction.

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

Sale and leaseback from finance lease agreement

Unrealized gain on sale and leaseback from finance lease agreement is amortized over the lease period.

**Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses.

**Amortization**

Amortization is charged to statement of income on a straight line basis over the estimated useful life of 10 years.

**Impairment of Assets**

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

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

**Employee benefits**

Saving cooperative

Obligations for contributions to saving cooperative are recognized as an expense in statement of income as incurred.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

**Post-employment benefits**

The Company's obligations in respect of post-employment benefits are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by an independent actuary using the projected unit credit method. Expenses from the estimated liability for post-employment benefits are recognized in statement of income and comprise of current service cost, interest cost, past service cost, and actuarial gains and losses.

**Provisions**

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

**Warranties**

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

**Revenue Recognition**

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

**Contract revenues**

When the outcome of a contract can be estimated reliably, contract revenue is recognized in statement of income by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed as the ratio of contract costs incurred at the reporting date to total expected contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense in statement of income.

**Revenue from sales and rendering of services**

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

Revenue from rendering of services is recognized when service is rendered to customer.

Interest and other income are recognized on an accrual basis.

Dividend income is recognized in statement of income on the date the Group's right to receive payments is established.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

**Expenses**

**Operating Leases**

Payments made under operating leases are recognised in statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to statement of income in the accounting period in which they are incurred.

**Finance costs**

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

**Use of Estimates**

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

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

**Foreign Currency Transactions**

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

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

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

**Derivative financial instruments**

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

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



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

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

**Income Tax**

The provision for income tax of the Group is based on the amount currently payable according to the Revenue Code.

**Earnings per Share**

Earnings per share is determined by dividing the net profit by the weighted average number of ordinary shares outstanding during the year (1,300,000 shares in 2012 and 1,285,753 shares in 2011).

**4. RELATED PARTY TRANSACTIONS AND BALANCES**

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

The related parties consisted of:

Company and party	Type of Business	Relationships	Percentage of holding (%)	
			2012	2011
Cho Thavee Thermo Tech Co., Ltd.	Manufacturing, fabrication, assembly for panel and container	Subsidiary	99.99	99.99
Chia Eam Seng Co., Ltd.	Trading of vehicles and industrial equipment	Co-shareholders and directors	-	-
Khon Kaen Cho Thavee Limited Partnership	Trading of vehicles	Co-partnerships	-	-
Taweesaengthai Nongrua Rice Mill Ltd., Part.	Rice mill	Co-partnerships	-	-
Bangkok CTV. Intertrade Co., Ltd.	Manufacturing and export of home appliance	Co-shareholders and directors	-	-
Khon Kaen Cho Thavee (1993) Co., Ltd.	Manufacturing and trading of trailer	Co-shareholders and directors	-	-

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
Notes to the financial statements (Continued)  
December 31, 2012 and 2011

Company and party	Type of Business	Relationships	Percentage of holding (%)	
			2012	2011
Volrep Truck and Bus Co., Ltd.	Trading of vehicles	Co-shareholders and directors	-	-
Energy System Co., Ltd.	Manufacturing of electronic circuit board	Co-shareholder and director	-	-
A P S Multi-Trade Co., Ltd.	Trading of agricultural machinery and equipment	Co-shareholder and director	-	-
O J Development Co., Ltd.	Rental retail area	Co-shareholders and directors	-	-
Ruamthavee Motor Sales Co., Ltd.	Sales, buy, exchange of vehicle and spare parts	Co-shareholders and directors	-	-
Ruamthavee Khonkaen Co., Ltd.	Trading of truck and trailer	Co-shareholders and directors	-	-
Cho Ruamthavee Leasing and Realestate Co., Ltd.	Leasing, sale and exchange of vehicle and house	Co-directors	-	-
B.B & O Property Co., Ltd.	Sales and buy of property	Co-shareholders and directors	-	-
B.B and O Assets Co., Ltd.	Holding	Co-shareholders and directors	-	-
S.S Motor Work Co., Ltd.	Holding	Co-shareholders and directors	-	-
Tang Hua Singh Nakhonpathom Ltd., Partnership	Trading and repair of truck and trailer and trading of spare parts	Co-partnerships	-	-
Dongfeng Hangzhou Motor (Thailand) Co., Ltd.	Trading of vehicles	Indirect control	-	-
Doll Fahrzeugbau AG	Manufacturing and trading of trailer assembly	The Company's shareholder (0.91% holding)	-	-

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

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

Type of Transactions	Pricing Policies
Contract revenue, revenue from sales and rendering of services	Agreed price
Purchase and sale of fixed assets	Agreed price
Purchase of materials	Agreed price
Managements, rental and other income	Contract price and/or agreed price
Interest income and interest expense	7% per annum

Significant transactions for the years ended December 31, 2012 and 2011 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Subsidiary				
Revenue from sale and rendering of services	-	-	12,032	5,240
Management fee income	-	-	2,464	2,361
Rental income	-	-	2,140	1,440
Interest income	-	-	1,165	647
Other income	-	-	1,468	1,085
Purchase of materials	-	-	57,838	29,282
Interest expense	-	-	8	-
Related parties				
Contract revenues	17,936	3,209	17,936	-
Revenue from sale and rendering of services	404	77	404	77
Management fee income	4,710	4,710	4,710	4,710
Rental income	943	943	943	943
Interest income	7,350	10,623	7,119	10,122
Other income	103	4,531	103	4,447
Sale of fixed assets	824	-	824	-
Purchase of fixed assets	97,057	3,918	69,100	3,918
Purchase of materials	88,054	117,287	87,791	117,118
Interest expense	-	863	-	-
Rental expense	126	-	-	-
Remuneration of key management				
- Short-term employee benefits	8,515	5,095	8,515	5,095
- Post-employment benefits	702	36	702	36
Total	9,217	5,131	9,217	5,131

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

Balances as at December 31, 2012 and 2011 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Trade accounts receivable</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	729	1,461
Related parties				
Ruamthavee Khonkaen Co., Ltd.	5,719	-	5,719	-
Volrep Truck and Bus Co., Ltd.	1	4	1	4
Khon Kaen Cho Thavee (1993) Co., Ltd.	-	3,524	-	-
<b>Total</b>	<b>5,720</b>	<b>3,528</b>	<b>6,449</b>	<b>1,465</b>

The trade accounts receivable are aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current	-	3,524	643	1,461
Overdue:				
- Not over 3 months	5,720	4	5,806	4
<b>Total</b>	<b>5,720</b>	<b>3,528</b>	<b>6,449</b>	<b>1,465</b>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Short-term loans to</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	40,647	8,850
Related parties				
Khun Suradech Taweesaengsakulthai	-	81,236	-	74,622
Khon Kaen Cho Thavee (1993) Co., Ltd.	-	32,116	-	32,116
Volrep Truck and Bus Co., Ltd.	-	9,843	-	9,843
<b>Total</b>	<b>-</b>	<b>123,195</b>	<b>40,647</b>	<b>125,431</b>

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

Movements during the years ended December 31, 2012 and 2011 of short-term loans to related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Short-term loans to</b>				
Balance as at January 1	123,195	167,522	125,431	168,376
Increase	225,470	184,599	351,584	279,758
Decrease	(348,665)	(228,926)	(436,368)	(322,703)
Balance as at December 31	-	123,195	40,647	125,431

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Interest receivables</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	672	835
Related parties				
Khun Suradech Taweesaengsakulthai	-	18,078	-	17,484
Khon Kaen Cho Thavee (1993) Co., Ltd.	-	7,531	-	7,531
Volrep Truck and Bus Co., Ltd.	-	621	-	621
Total	-	26,230	672	26,471

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Other receivables</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	2,712	935
Related parties				
Volrep Truck and Bus Co., Ltd.	16,142	2,277	16,142	2,277
Khon Kaen Cho Thavee (1993) Co., Ltd.	348	2,684	348	2,684
Others	63	1,010	63	1,010
Total	16,553	5,971	19,265	6,906

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Trade accounts payable</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	7,543	154
Related parties				
Doll Fahrzeugbau AG	26,472	34,143	26,472	34,143
Others	451	2,729	451	2,729
<b>Total</b>	<b>26,923</b>	<b>36,872</b>	<b>34,466</b>	<b>37,026</b>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<b>Other payable</b>				
Related parties				
Khon Kaen Cho Thavee (1993) Co., Ltd.	41	13	20	-
Volrep Truck and Bus Co., Ltd.	-	500	-	500
Khun Rungtiwa Taweesaengsakulthai	-	104	-	104
<b>Total</b>	<b>41</b>	<b>617</b>	<b>20</b>	<b>604</b>

**Significant agreements with related parties**

The Company has entered into building and vehicle lease agreements with two related parties. Total rental income under these agreements amounted to Baht 0.72 million per year.

The Company entered into administrative service agreement with a related party whereby the Company will provide the related party for certain business services e.g. services for accounting systems and administrative for period of 3 years expiring on October 31, 2014. Under the terms of the agreements, the related party is committed to pay the Company for service charge as specified in the agreements.

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
Notes to the financial statements (Continued)  
December 31, 2012 and 2011

**5. TRADE ACCOUNTS RECEIVABLE – OTHERS**

As at December 31, 2012 and 2011 the Group had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current	81,115	36,268	80,589	36,127
Overdue:				
- Not over 3 months	20,699	13,646	19,289	12,303
- Over 3 months to 6 months	209	70	103	70
- Over 6 months to 12 months	1,256	3,798	1,256	3,798
- Over 12 months	11,237	40,381	11,237	40,381
Total	114,516	94,163	112,474	92,679
Less allowance for doubtful accounts	(2,437)	(1,026)	(2,437)	(1,026)
Net	112,079	93,137	110,037	91,653

As at December 31, 2012, the Company had trade account receivable aged overdue over 12 months amounted to Baht 8.8 million (net of allowance for doubtful accounts of Baht 2.4 million) consisted of a foreign company amounted to Baht 7.4 million and a person amounted to Baht 1.4 million. The Company expects to collect all the outstanding from these receivable.

As at December 31, 2011, the Company had trade account receivable aged overdue over 12 months amounted to Baht 39.4 million (net of allowance for doubtful accounts of Baht 1 million) consisted of a state enterprise amounted to Baht 39.3 million and a private company amounted to Baht 0.1 million. In February 2012 the Company has collected all the outstanding from such state enterprise.

**6. WORK IN PROGRESS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cost and attributable profit	213,192	229,531	201,316	226,604
Progress billings	(140,951)	(165,184)	(140,895)	(165,184)
Net	72,241	64,347	60,421	61,420
Comprising				
Unbilled contract work in progress	86,498	90,048	74,678	87,121
Excess of progress billings over contract work in progress	(14,257)	(25,701)	(14,257)	(25,701)
Net	72,241	64,347	60,421	61,420



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

**7. INVENTORIES**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Finished goods	6,671	7,212	6,411	6,381
Work in progress	19,182	15,334	18,081	14,017
Raw materials	145,398	134,701	131,400	122,498
Raw materials in transit	23,530	26,678	23,522	25,659
Spare parts and supplies	7,346	4,403	6,935	4,106
Total	202,127	188,328	186,349	172,661
Less allowance for slow moving inventories	(11,265)	(9,775)	(10,484)	(9,247)
Net	190,862	178,553	175,865	163,414

**8. OTHER CURRENT ASSETS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Advance payment	7,093	3,183	7,091	3,176
Deposits for purchase of raw materials	4,673	1,440	4,673	1,440
Withholding tax deducted at source	3,755	3,755	3,755	3,755
Prepaid expenses	1,325	2,682	705	1,452
Others	7,830	4,357	5,486	4,135
Total	24,676	15,417	21,710	13,958

**9. DEPOSITS AT FINANCIAL INSTITUTIONS UNDER PLEDGE**

As at December 31, 2012, deposits at financial institutions are used as guarantee for overdraft line and other credit facilities of Baht 13.4 million as discussed in Note 13.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

**10. INVESTMENT IN SUBSIDIARY**

As at December 31, 2012 and 2011 the details of investment in the separate financial statements were as follows:

	Ownership Interest (%)	In Thousand Baht		
		Paid – up Capital	Cost Method	Dividend Income
Cho Thavee Thermo Tech Co., Ltd.				
At December 31, 2012 and 2011	99.99	20,000	22,600	-

At the extraordinary meeting held on July 26, 2011, the shareholders approved the Company to purchase investment in subsidiary, Cho Thavee Thermo Tech Co., Ltd., from the existing shareholder of 400,000 shares at Baht 16.5 per share, totaling Baht 6,600,000. Resulting in an increase of the ownership interest in subsidiary from 80% to 99.99%.

CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY  
Notes to the financial statements (Continued)  
December 31, 2012 and 2011

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated financial statements						
	In Thousand Baht						
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Deposits and construction in progress
Cost							Total
Balance as at January 1, 2011	28,000	926	101,771	128,630	14,714	14,220	290,936
Additions	-	-	6,032	4,904	841	4,328	27,941
Disposals	-	-	(1,079)	-	-	(407)	(1,486)
Transfer – net	-	-	2,023	66	-	199	(285)
Balance as at December 31, 2011	28,000	926	108,747	133,600	15,555	18,340	317,106
Additions	122,694	4,488	33,611	9,226	751	2,311	212,047
Disposals	-	-	(2,132)	-	(428)	(1,494)	(4,054)
Transfer – net	-	-	9,935	1,624	-	-	(11,938)
Balance as at December 31, 2012	150,694	5,414	150,161	144,450	15,878	19,157	524,720

**CHO THAVEE DOLLASEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

Consolidated financial statements								
	In Thousand Baht							
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Deposits and construction in progress	Total
Accumulated depreciation								
Balance as at January 1, 2011	-	926	39,440	85,820	10,678	7,548	-	144,412
Depreciation charge for the year	-	-	5,294	18,481	1,270	2,387	-	27,432
Disposals	-	-	(540)	-	-	(95)	-	(635)
Balance as at December 31, 2011	-	926	44,194	104,301	11,948	9,840	-	171,209
Depreciation charge for the year	-	55	6,041	17,446	1,288	2,642	-	27,472
Disposals	-	-	(1,157)	-	(412)	(675)	-	(2,244)
Transfer - net	-	-	-	(81)	-	-	-	(81)
Balance as at December 31, 2012	-	981	49,078	121,666	12,824	11,807	-	196,356
Net book value								
As at December 31, 2011	28,000	-	64,553	29,299	3,607	8,500	11,938	145,897
As at December 31, 2012	150,694	4,433	101,083	22,784	3,054	7,350	38,966	328,364

**CHO THAVEE DOLLASIE CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

	Separate financial statements						
	In Thousand Baht						
	Land	Land improvements	Buildings and building improvements	Machinery And equipment	Furniture, Fixtures and office equipment	Vehicles	Construction in progress
<b>Cost</b>							<b>Total</b>
Balance as at January 1, 2011	28,000	926	99,675	100,127	14,406	14,220	259,927
Additions	-	-	6,032	4,676	821	4,328	25,792
Disposals	-	-	(1,079)	-	-	(407)	(1,486)
Transfer - net	-	-	2,023	66	-	199	(285)
Balance as at December 31, 2011	28,000	926	106,651	104,869	15,227	18,340	283,948
Additions	106,655	2,915	22,660	4,429	695	810	143,074
Disposals	-	-	(2,132)	-	(428)	(1,494)	(4,054)
Transfer - net	-	-	9,935	-	-	-	(9,935)
Balance as at December 31, 2012	134,655	3,841	137,114	109,298	15,494	17,656	422,968

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

Separate financial statements								
In Thousand Baht								
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, Fixtures and office equipment	Vehicles	Construction in progress	Total
Accumulated depreciation								
Balance as at January 1, 2011	-	926	38,968	64,291	10,466	7,548	-	122,199
Depreciation charge for the year	-	-	5,189	15,271	1,240	2,387	-	24,087
Disposals	-	-	(540)	-	-	(95)	-	(635)
Balance as at December 31, 2011	-	926	43,617	79,562	11,706	9,840	-	145,651
Depreciation charge for the year	-	51	5,907	15,499	1,257	2,415	-	25,129
Disposals	-	-	(1,157)	-	(412)	(675)	-	(2,244)
Balance as at December 31, 2012	-	977	48,367	95,061	12,551	11,580	-	168,536
Net book value								
As at December 31, 2011	28,000	-	63,034	25,307	3,521	8,500	9,935	138,297
As at December 31, 2012	134,655	2,864	88,747	14,237	2,943	6,076	4,910	254,432

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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**December 31, 2012 and 2011**

Machinery and equipment, and vehicles with net book value of Baht 8.6 million and Baht 1.3 million, respectively, as at December 31, 2012 and Baht 3.6 million and Baht 8.6 million, respectively, as at December 31, 2011 are assets under hire-purchase agreements.

The gross carrying amounts of fully depreciated fixed assets of the Group those are still in use as at December 31, 2012 and 2011 amounted to Baht 75.2 million and Baht 61.5 million, respectively.

During the year ended December 31, 2012, the Group has entered into sale and purchase agreements of land and building with a director and a related party at the total price of Baht 95.6 million. Cash payments had been made at Baht 48.7 million, the remaining amounted to Baht 46.9 million was settled by offsetting with loans to and interest receivable from related parties.

All land and construction thereon with the net carrying value of Baht 256 million and Baht 91 million as at December 31, 2012 and 2011, respectively, have been pledged as collateral for the credit facilities granted from certain local financial institutions of the Group as discussed in Note 13

## **12. INTANGIBLE ASSETS**

	Consolidated financial statements			
	In Thousand Baht			
	Computer software	Know how Fee	Patent under registration process	Total
<b>Cost</b>				
Balance as at January 1, 2011	19,836	4,000	1,074	24,910
Additions	15,969	-	1,965	17,934
Balance as at December 31, 2011	35,805	4,000	3,039	42,844
Additions	-	-	1,685	1,685
Balance as at December 31, 2012	35,805	4,000	4,724	44,529
<b>Accumulated amortization</b>				
Balance as at January 1, 2011	1,370	1,768	-	3,138
Amortization charge for the year	2,918	400	-	3,318
Balance as at December 31, 2011	4,288	2,168	-	6,456
Amortization charge for the year	3,581	400	-	3,981
Balance as at December 31, 2012	7,869	2,568	-	10,437
<b>Net book value</b>				
At December 31, 2011	31,517	1,832	3,039	36,388
At December 31, 2012	27,936	1,432	4,724	34,092

On May 2, 2005, the subsidiary had entered into Know How Purchasing Contract with Mr. Jacques Teyssier. Under the agreement, he shall be provided expertise in helping the subsidiary to implement an industrial process to produce FRP-PU sandwich panels, technical and engineering assistance, training staffs and supplying production software. The subsidiary had paid a know how fee amounted to Baht 4.0 million and recorded such payment as part of intangible assets (amortized to expense over the period of 10 years).



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**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

	Separate financial statements		
	In Thousand Baht		
	Computer software	Patent under registration process	Total
Cost			
Balance as at January 1, 2011	19,836	1,074	20,910
Additions	15,969	1,965	17,934
Balance as at December 31, 2011	35,805	3,039	38,844
Additions	-	1,685	1,685
Balance as at December 31, 2012	35,805	4,724	40,529
Accumulated amortization			
Balance as at January 1, 2011	1,370	-	1,370
Amortization charge for the year	2,918	-	2,918
Balance as at December 31, 2011	4,288	-	4,288
Amortization charge for the year	3,581	-	3,581
Balance as at December 31, 2012	7,869	-	7,869
Net book value			
At December 31, 2011	31,517	3,039	34,556
At December 31, 2012	27,936	4,724	32,660

### 13. CREDIT FACILITIES

As at December 31, 2012 the Group has agreements with local financial institutions for the following credit facilities:

	In Thousand	
	U.S. Dollars	Baht
Long-term loan	-	78,000
Short-term loan	-	48,000
Bank overdraft	-	56,900
Letter of credit, domestic letter of credit and trust receipts	-	819,200
Forward exchange contract	2,000	850,000
Letter of guarantee	-	209,934
Total	2,000	2,062,034

The credit facilities are secured by:

- Mortgage of the Company and subsidiary's land and structures as described in Note 11;
- Deposits at financial institutions under pledge as described in Note 9;
- The insurance coverage on structures are assigned to the banks;
- The guarantee of certain directors and related parties, and
- Land and structures of certain directors.

The above credit facilities contain certain restrictions on maintenance of financial ratios and etc.

#### 14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Bank overdrafts	39,998	25,656	34,948	21,136
Liabilities under trust receipts and Domestic letter of credit	445,487	330,029	427,605	323,738
Promissory notes	47,929	118,325	40,000	118,325
Total	533,414	474,010	502,553	463,199

- a) The liabilities under trust receipts bear interest at the rates ranging from Minimum Loan Rate (MLR) minus 1.75% per annum to MLR plus 0.50% per annum.
- b) Promissory notes bear interest at the rates ranging from MLR minus 1.75% to Minimum Overdraft Rate (MOR) per annum.

The above bank overdrafts and short-term loans are secured by assets and guaranteed by certain directors as described in Note 13

Under the terms of trust receipts agreements, certain imported inventories have been released to the Group in trust of the financial institutions. The Group, therefore, is accountable to the financial institutions for such inventories.

#### 15. FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows:

	In Thousand Baht					
	Consolidated financial statements					
	2012			2011		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	7,245	462	7,707	6,552	822	7,374
After one year but within five years	2,653	135	2,788	8,166	372	8,538
Total	9,898	597	10,495	14,718	1,194	15,912

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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	In Thousand Baht					
	Separate financial statements					
	2012			2011		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	6,924	391	7,315	6,552	822	7,374
After one year but within five years	1,732	56	1,788	8,166	372	8,538
Total	8,656	447	9,103	14,718	1,194	15,912

The Company entered into hire-purchase contracts with two local financial institution and a local company covering its transportation and machinery. Under the terms of the contract, the Company must comply with certain conditions covering the leased assets.

As of December 31, 2012 and 2011 the Company had future minimum lease payment under the hire-purchase contracts as follows:

Years	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
2012	-	7,374	-	7,374
2013	7,707	7,374	7,315	7,374
2014	1,912	1,164	1,520	1,164
2015	540	-	148	-
2016	336	-	120	-
Total	10,495	15,912	9,103	15,912

## 16. LONG-TERM LOANS

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Loan from the first local bank	1,738	4,739	1,738	4,739
Loan from the second local bank	4,645	18,653	3,312	13,320
Loan from the third local bank	6,000	-	-	-
Loan from a foreign investment company	13,195	28,195	13,195	28,195
Total	25,578	51,587	18,245	46,254
Less current portion due within one year	(20,348)	(45,203)	(18,245)	(41,203)
Net	5,230	6,384	-	5,051

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The loan from the first local bank bears interest at the rate of MLR minus 1.75% per annum in the first and second year and at the rate of MLR per annum after that. Interest is repayable at the end of each month. Such loan is repayable at 120 monthly equal installments and maturing within July 8, 2013.

The loan from the second local bank bears interest at the rate of MLR plus 1.5% per annum. Interest is repayable at the end of each month. Such loan is repayable at 36 monthly equal installments and maturing within April 2013.

The loan from the third local bank bears interest at the rate of MLR per annum. Interest is repayable at the end of each month. Such loan is repayable at 84 monthly equal installments and maturing within August 2019. Interest expense not over Baht 325,000 in period of 2 years up to August 28, 2014 was supported by The National Innovation Agency (Public Organization).

Such loans from local banks are secured by assets and guaranteed by certain directors as described in Note 13.

The above long-term loans contain certain restrictions on maintenance of financial ratios and etc.

On February 1, 2011, the Company has entered into Repayment Agreement to repay the above loan from a foreign investment company totaling amounted to Baht 46,695,343 (comprise of principal amounted to Baht 40,000,000 and interest payable, computed based on the above repayment conditions, amounted to Baht 6,695,343). The loan is repayable at 20 monthly installments at the amount as stipulate in the agreement and maturing within September 28, 2012. After that on August 10, 2012, the Company has entered into renew Repayment Agreement to repay the above loan amounted to Baht 20,695,343. The loan is repayable at 14 monthly installments at the amount as stipulate in the agreement and maturing within September 30, 2013.

## **17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Construction payable	10,108	-	-	-
Accrued salary and bonus	5,832	4,259	5,832	3,903
Warranty reserve	3,059	2,000	2,475	2,000
Subscription payable	1,595	3,600	1,595	3,600
Accrued commission	1,578	4,453	1,578	4,453
Others	13,930	10,342	10,893	9,411
Total	<u>36,102</u>	<u>24,654</u>	<u>22,373</u>	<u>23,367</u>

## 18. LIABILITY FOR POST-EMPLOYMENT BENEFITS

Movements of liability for post-employment benefits for the years ended December 31, 2012 and 2011 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Liability for post-employment benefits as at January 1	5,267	4,478	4,798	4,097
Current service cost	827	598	692	507
Interest cost	237	201	216	184
Actuarial losses (gains)	1,067	(10)	1,075	10
Expense recognized in statement of income	2,131	789	1,983	701
Employee benefits paid during the year	-	-	-	-
Liability for post-employment benefits as at December 31	7,398	5,267	6,781	4,798

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

- Discount rate 4.5% per annum
- Salary increase rate 5% per year in 2012 and 4.5% per year in 2011
- Employee turnover rates 1.5% and 5% per year in 2012 and 1% and 5% per year in 2011
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 15% of Thai Mortality Table (year 2008)

## 19. SHARE CAPITAL

	In Baht	In Thousand Shares / In Thousand Baht			
		2012		2011	
		Number	Amount	Number	Amount
Authorized - ordinary shares					
At January 1,	100	1,300	130,000	1,200	120,000
Increase share capital	100	-	-	100	10,000
At December 31,	100	1,300	130,000	1,300	130,000
Issued and paid - up					
- Ordinary shares					
At January 1,		1,300	130,000	1,200	120,000
Increase of new shares		-	-	100	10,000
At December 31,		1,300	130,000	1,300	130,000

At the extraordinary meeting held on February 16, 2011, the shareholders of the Company passed the special resolution to increase authorized share capital from Baht 120,000,000 (1,200,000 shares at Baht 100 par value) to Baht 130,000,000 (1,300,000 shares at Baht 100 par value). The capital increase was registered with the Ministry of Commerce on February 22, 2011.

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At the extraordinary meeting held on December 24, 2012, the shareholders of the Company passed the special resolution to increase authorized share capital from Baht 130,000,000 (1,300,000 shares at Baht 100 par value) to Baht 180,000,000 (720,000,000 shares at Baht 0.25 par value). The capital increase was registered with the Ministry of Commerce on January 2, 2013.

**20. EXPENSES BY NATURE**

Significant expenses by nature are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Changes in finished goods and work in process	(3,307)	14,512	(4,094)	15,035
Raw materials and supplies usage	514,859	526,075	439,196	493,224
Salary, wages and other employee benefits	69,778	59,152	62,117	53,603
Depreciation and amortization	31,453	30,751	28,710	27,006
Management remuneration	9,217	5,131	9,217	5,131

**21. INCOME TAX**

The Company used income tax rate of 23% for the calculation of corporate income tax for the year ended December 31, 2012 attributable to the Section 5 of the Royal Decree Issued Under the Revenue Code Regarding Deduction in Tax Rate (No. 530) B.E. 2554 and income tax rate of 30% for the calculation of corporate income tax for the year ended December 31, 2011.

The Subsidiary has no income tax provision on its net income for the years 2012 and 2011 because of the exemption of income tax from the promotional privileges as described in Note 25 and the utilization of tax loss carryforward.

**22. ADJUSTMENT**

The Company was additionally assessed by Custom Department for import goods in 2009 of Baht 3.6 million.

## 23. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segment is based on the Group's management and internal reporting structure.

### Business segments

The Group is comprised the following main business segments:

Contract revenues	:	Sales of manufacturing goods under the contracts entered into with the customers
Revenue from sales	:	Sales of spare parts and merchandises
Services	:	Providing repair and maintenance services



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Business segment results for the years ended December 31, 2012 and 2011 was as follows:

	In Thousand Baht						
	Contract revenues		Revenue from sales		Revenue from rendering of services		Total
	2012	2011	2012	2011	2012	2011	
Contract revenues, revenue from sales and rendering of services	625,656	636,851	10,874	15,448	33,328	17,061	669,360
Cost of contract work, cost of sales and rendering of services	(495,817)	(519,296)	(3,748)	(13,156)	(24,012)	(18,010)	(550,462)
Gross margin	129,839	117,555	7,126	2,292	9,316	(949)	118,898
Selling and administrative expenses							
Other income							
Gain on exchange rate							
Income tax expense							
Profit for the year							
		</					

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**Geographic segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

The Group's segment revenues based on the geographic location of customers for the years ended December 31, 2012 and 2011 was as follows:

	In Thousand Baht	
	2012	2011
Thailand	351,604	273,823
The United Arab Emirates	188,523	45,895
Others	129,731	349,642
Total	<u>669,858</u>	<u>669,360</u>

**24. FINANCIAL INSTRUMENTS**

**Financial risk management policies**

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

**Foreign currency risk**

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

As at December 31, 2012 the outstanding unhedged foreign currency assets and liabilities due within one year were as follows:

	In Thousand	
	Assets	Liabilities
Euro	707	648
U.S. Dollars	283	450

Management believes that such foreign currency risk is minimal.

**Credit risk**

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

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2012 and 2011**

**Liquidity risk**

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

**Fair values**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

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

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

Long-term loans mainly bear interest at floating rate, reference to the market rate - the carrying value approximates their fair value.

**25. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2012, the Group had:

- a) commitments for construction agreement, rental of land and building agreement and financial advisory agreements with various local companies and third party amounting to Baht 15.7 million, and
- b) contingent liability arising from guarantee of the credit facilities of a related party amounted to Baht 65 million and a director amounted to Baht 2 million, and
- c) unused letters of credit totaling Euro 0.5 million (equivalent to Baht 20.2 million), U.S. Dollars 0.2 million (equivalent to Baht 7.6 million) and Yen 13.4 million (equivalent to Baht 4.8 million), and
- d) letters of guarantee issued by local banks to various private companies, government agencies and state enterprises amounting to approximately Baht 33.7 million and U.S. Dollars 0.6 million (equivalent to Baht 18.4 million), and
- e) outstanding balance of forward purchase contracts of Euro 0.3 million (equivalent to Baht 11.4 million) and U.S. Dollars 0.3 million (equivalent to Baht 9.6 million) and forward sale contracts of Euro 0.3 million (equivalent to Baht 14.2 million), The above contracts mature in June 2012.

## **26. OTHER**

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the manufacturing of fabrication industry and repairing service of platform and the subsidiary has been granted certain promotional privileges relating to the manufacturing of plastic panels and fabrication. The privileges granted include among others, the following:

- a) exemption from the payment of income tax for certain operations not exceed Baht 3.5 million, for a period of eight (8) years from the date on which the income is first derived from such operation up to April 2019 for the Company and exemption from payment of income tax on the net profit of the promoted business for the period of eight (8) years from the date on which the income is first derived from such operation up to March 2014 for the subsidiary, and
- b) 50% deduction in the normal income tax on the net profit of the promoted business for the period of five (5) years from the expiration date in (a) above up to March 2019 for the subsidiary, and
- c) exemption from payment of import duties on imported machinery necessary for production as approved by the Board of Investment, and
- d) exemption from payment of import duties on imported raw materials and supplies using for production and export as approved by the Board of Investment.

As a promoted companies, the Group must comply with certain conditions and restrictions provided for in the promotional certificates.

## **27. LEGAL TRANSFORMATION**

On December 24, 2012, the shareholders approved the resolution to transformation from Cho Thavee Dollasien Co., Ltd. to Cho Thavee Dollasien Public Company Limited. The Company registered the legal transformation of juristic person from being limited company under the Civil and Commercial Code to limited public company under the Limited Public Company Act B.E. 2535 with the Ministry of Commerce on January 2, 2013.

## **28. LISTING OF SECURITIES ON THE STOCK EXCHANGE MARKET**

On October 25, 2007, the Company entered into an agreement to appoint a financial advisor for the initial public offering of its securities and listing of securities on the Stock Exchange of Thailand in the Market for Alternative Investment (MAI). The agreement is for a period of 15 months with an extension period agreed by both parties. The Company has additional two agreements in 2010 and 2012. Under the agreement, the Company agrees to pay a financial advisory fee amounting to Baht 3.0 million.

At the extraordinary shareholders' meeting held on December 24, 2012, the shareholders approved the resolution to list the Company's securities on MAI in order to support the Company's expansion in the future.

## **29. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for dissemination by the Company's directors on March 5, 2013.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**

**Financial Statements**

**For the Years Ended December 31, 2011 and 2010**

**and Audit Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.***

***Certified Public Accountants***



**M.R. & ASSOCIATES CO., LTD.**

**บริษัท เอ็ม อาร์ แอนด์ แอสโซซิเอท จำกัด**

INDEPENDENT MEMBER OF GENEVA GROUP INTERNATIONAL

## **AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholder of Cho Thavee Dollasien Co., Ltd.

I have audited the accompanying consolidated statements of financial position as at December 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Cho Thavee Dollasien Co., Ltd. and its subsidiary. I have also audited the statements of financial position as at December 31, 2011 and 2010, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended of Cho Thavee Dollasien Co., Ltd. The Company's management is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and the separate's financial statements referred to above present fairly, in all material respects, the financial positions of Cho Thavee Dollasien Co., Ltd. and its subsidiary and of Cho Thavee Dollasien Co., Ltd. as at December 31, 2011 and 2010, the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 2 to the financial statements, starting from January 1, 2011, the Company and its subsidiary have adopted the new and revised accounting standards and financial reporting standards, issued by the Federation of Accounting Professions, in the preparation and presentation of the accompanying financial statements.

(Mr. Methae Ratanasrimetha)  
Certified Public Accountant  
Registration No. 3425

Bangkok  
March 29, 2012



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011 AND 2010**

**A S S E T S**

	Note	In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		12,112,955	14,120,854	12,058,822	14,076,454
Trade accounts receivable					
- Related parties	4	3,527,795	525	1,465,563	2,998,431
- Others - net	5	93,137,120	125,942,890	91,653,056	124,501,322
Unbilled contract work in progress	6	90,047,904	73,194,174	87,121,146	69,574,737
Short-term loans to related parties	4	123,195,277	167,522,204	125,431,630	168,375,858
Interest receivable from related parties	4	26,229,737	15,606,743	26,471,006	15,702,524
Other receivable from related parties	4	5,970,864	5,603,335	6,905,711	5,986,002
Inventories - net	7	178,553,029	133,137,723	163,413,580	120,973,458
Other current assets	8	15,416,869	14,699,632	13,958,245	14,018,391
<b>Total Current Assets</b>		<u>548,191,550</u>	<u>549,828,080</u>	<u>528,478,759</u>	<u>536,207,177</u>
<b>NON-CURRENT ASSETS</b>					
Deposits at financial institutions under pledged	9, 13	13,400,000	21,953,066	13,400,000	21,953,066
Investments in subsidiary	10	-	-	22,599,950	15,999,950
Property, plant and equipment - net	11, 13	145,896,990	146,523,697	138,297,239	137,727,635
Intangible assets - net	12	36,387,871	21,772,695	34,555,542	19,540,366
Other non-current assets		<u>1,260,158</u>	<u>1,347,211</u>	<u>1,243,900</u>	<u>1,340,400</u>
<b>Total Non-Current Assets</b>		<u>196,945,019</u>	<u>191,596,669</u>	<u>210,096,631</u>	<u>196,561,417</u>
<b>TOTAL ASSETS</b>		<u><u>745,136,569</u></u>	<u><u>741,424,749</u></u>	<u><u>738,575,390</u></u>	<u><u>732,768,594</u></u>

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



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011 AND 2010**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2011	2010	2011	2010
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	13, 14	474,009,696	441,331,534	463,198,569	429,989,640
Trade accounts payable					
- Related parties	4	36,871,830	7,193,478	37,026,017	8,502,918
- Others		32,742,140	50,716,187	27,953,255	49,309,984
Current portion of finance lease liabilities	15	6,552,170	5,731,438	6,552,170	5,731,438
Current portion of long-term loans	13, 16	45,203,343	37,008,000	41,203,343	33,008,000
Short-term loan from related party	4	-	50,000	-	-
Interest payable to related party	4	-	194,761	-	-
Other payable to related party	4	617,052	523,641	603,857	523,641
Advances received from customers	6	25,701,037	48,982,998	25,701,037	48,982,998
Income tax payable		1,192,030	-	1,192,030	-
Accrued expenses and other current liabilities	17	21,045,781	27,440,255	19,758,769	26,561,812
<b>Total Current Liabilities</b>		<b>643,935,079</b>	<b>619,172,292</b>	<b>623,189,047</b>	<b>602,610,431</b>
<b>NON-CURRENT LIABILITIES</b>					
Finance lease liabilities - net	15	8,165,508	13,994,749	8,165,508	13,994,749
Long-term loans - net	13, 16	6,383,660	50,088,046	5,050,327	44,754,713
Liability for post-employment benefits	2	5,267,056	-	4,798,239	-
<b>Total non-current liabilities</b>		<b>19,816,224</b>	<b>64,082,795</b>	<b>18,014,074</b>	<b>58,749,462</b>
<b>Total Liabilities</b>		<b>663,751,303</b>	<b>683,255,087</b>	<b>641,203,121</b>	<b>661,359,893</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	18				
Authorized share capital		130,000,000	120,000,000	130,000,000	120,000,000
Issued and paid-up share capital		130,000,000	120,000,000	130,000,000	120,000,000
Discount from increment of investment in subsidiary		(5,633,115)	-	-	-
Deficit		(42,982,366)	(62,597,531)	(32,627,731)	(48,591,299)
<b>Equity attributable to equity holders</b>					
of the parent - net		81,384,519	57,402,469	97,372,269	71,408,701
Non-controlling interest	19	747	767,193	-	-
<b>Total shareholders' equity</b>		<b>81,385,266</b>	<b>58,169,662</b>	<b>97,372,269</b>	<b>71,408,701</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>745,136,569</b>	<b>741,424,749</b>	<b>738,575,390</b>	<b>732,768,594</b>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		In Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
<b>REVENUES</b>					
Contract revenues	4	636,850,674	592,558,404	611,569,692	589,184,011
Revenue from sales and rendering of services	4	32,508,877	73,753,065	37,471,751	76,656,193
Gain (loss) on exchange rate - net		4,126,388	(2,473,538)	4,145,906	(2,546,318)
Other income	4	28,936,680	41,800,479	33,666,731	46,010,270
<b>Total Revenues</b>		<u>702,422,619</u>	<u>705,638,410</u>	<u>686,854,080</u>	<u>709,304,156</u>
<b>EXPENSES</b>					
	20				
Cost of contract work	4	519,295,745	537,695,908	509,116,923	533,227,852
Cost of sales and rendering of services	4, 25	31,165,440	61,337,338	36,142,044	63,264,560
Selling expenses	25	33,921,405	21,204,975	30,836,643	19,239,698
Administrative expenses	4, 25	49,591,754	49,610,365	48,312,065	47,757,306
Finance costs	4, 15	41,346,071	42,057,966	39,577,315	40,308,079
<b>Total Expenses</b>		<u>675,320,415</u>	<u>711,906,552</u>	<u>663,984,990</u>	<u>703,797,495</u>
<b>Profit (loss) before Income Tax Expense</b>		27,102,204	(6,268,142)	22,869,090	5,506,661
<b>Income Tax Expense</b>		<u>2,808,851</u>	<u>-</u>	<u>2,808,851</u>	<u>-</u>
<b>PROFIT(LOSS) FOR THE YEAR</b>		<u>24,293,353</u>	<u>(6,268,142)</u>	<u>20,060,239</u>	<u>5,506,661</u>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>FOR THE YEAR</b>		<u>24,293,353</u>	<u>(6,268,142)</u>	<u>20,060,239</u>	<u>5,506,661</u>
Profit (Loss) and Comprehensive Income attributable to:					
Equity holders of the parent		24,016,698	(4,128,156)	20,060,239	5,506,661
Non-controlling interest		<u>276,655</u>	<u>(2,139,986)</u>	<u>-</u>	<u>-</u>
		<u>24,293,353</u>	<u>(6,268,142)</u>	<u>20,060,239</u>	<u>5,506,661</u>
<b>Earnings (Loss) per Share</b>					
<b>attributable to equity holders of the parent</b>		<u>18.68</u>	<u>(4.02)</u>	<u>15.60</u>	<u>5.36</u>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		In Baht				
	Note	Issued and paid-up share capital	Discount from increment of investment in subsidiary	Equity attributable to equity holder of the parent - net	Non- controlling interest	Total shareholders' equity
<b>Balance as at January 1, 2010</b>		90,000,000	-	31,530,625	2,907,179	34,437,804
60% called for capital	18	30,000,000	-	30,000,000	-	30,000,000
Total comprehensive income for the year		-	-	(4,128,156)	(2,139,986)	(6,268,142)
<b>Balance at December 31, 2010</b>		120,000,000	-	57,402,469	767,193	58,169,662
Adjustment	2	-	-	(4,401,533)	(76,216)	(4,477,749)
Capital increase	18	10,000,000	-	10,000,000	-	10,000,000
Addition investment in subsidiary by purchasing shares from non-controlling interest	19	-	-	-	(6,600,000)	(6,600,000)
Dilution in non-controlling interest	19	-	(5,633,115)	(5,633,115)	5,633,115	-
Total comprehensive income for the year		-	-	24,016,698	276,655	24,293,353
<b>Balance at December 31, 2011</b>		130,000,000	(5,633,115)	81,384,519	747	81,385,266

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

**CHO THAVEE DOLLASIEN CO., LTD.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Note	In Baht		
		Issued and paid-up share capital	Deficit	Shareholders' equity - net
<b>Balance as at January 1, 2010</b>		90,000,000	(54,097,960)	35,902,040
60% called for capital	18	30,000,000	-	30,000,000
Total comprehensive income for the year		-	5,506,661	5,506,661
<b>Balance at December 31, 2010</b>		<u>120,000,000</u>	<u>(48,591,299)</u>	<u>71,408,701</u>
Adjustment	2	-	(4,096,671)	(4,096,671)
Capital increase	18	10,000,000	-	10,000,000
Total comprehensive income for the year		-	20,060,239	20,060,239
<b>Balance at December 31, 2011</b>		<u><u>130,000,000</u></u>	<u><u>(32,627,731)</u></u>	<u><u>97,372,269</u></u>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	24,293,353	(6,268,142)	20,060,239	5,506,661
Adjustments for				
Depreciation and amortization	30,750,697	29,928,159	27,005,762	24,258,559
Expenses for post-employment benefits	789,307	-	701,568	-
Interest income	(10,649,236)	(4,256,792)	(10,794,233)	(4,352,363)
Interest expense	39,332,139	38,212,588	37,563,383	36,462,701
Decrease in allowance for doubtful accounts	(2,758,684)	(18,242,332)	(2,705,648)	(18,242,332)
Increase (decrease) in allowance for slow moving inventories	3,453,128	(1,923,040)	3,292,023	(1,923,040)
Unrealized loss (gain) on exchange rate	2,629,919	(694,591)	2,596,510	(694,591)
Gain (loss) on sale of fixed assets	171,192	(78,352)	171,192	-
Loss on written-off fixed assets	539,537	-	539,537	-
Loss on written-off withholding tax deducted at source	-	2,130,640	-	2,114,952
Gain on waive of accrued interest expense from financial institutions	-	(5,923,696)	-	(5,923,696)
Income tax expense	2,808,851	-	2,808,851	-
	<u>91,360,203</u>	<u>32,884,442</u>	<u>81,239,184</u>	<u>37,206,851</u>
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	32,680,972	18,244,409	37,730,571	17,067,201
Unbilled contract work in progress	(17,335,540)	129,987,884	(18,028,219)	133,607,321
Inventories	(49,847,207)	30,602,158	(46,710,918)	28,400,326
Other receivable from related parties	(367,529)	(5,603,335)	(919,709)	(5,986,002)
Other current assets	(1,192,412)	(8,208,076)	(226,739)	(7,513,794)
Deposits at financial institutions under pledged	8,553,066	(6,253,066)	8,553,066	(6,253,066)
Other non-current assets	87,053	4,890,477	96,500	4,881,600
Trade accounts payable	12,419,659	(149,166,190)	7,915,132	(158,786,162)
Other payable to related party	93,411	523,641	80,216	523,641
Excess of progress billings over contract work in progress	(26,534,292)	48,040,290	(26,534,292)	46,040,290
Accrued expenses and other current liabilities	(8,630,931)	10,628,743	(9,174,060)	11,928,150
Income tax paid	(1,616,821)	-	(1,616,821)	-
<b>Net cash provided by operating activities</b>	<u>39,669,632</u>	<u>106,571,377</u>	<u>32,403,911</u>	<u>101,116,356</u>

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
Interest received	501,417	225,421	312,636	225,211
Decrease (increase) in short-term loans to related parties	44,326,927	(147,787,236)	42,944,228	(148,640,890)
Additions to investment in subsidiary	(2,999,472)	-	(2,999,472)	-
Proceeds from sale of fixed assets	140,187	425,234	140,187	-
Additions to fixed assets	(25,256,836)	(18,232,858)	(23,901,012)	(14,885,962)
Additions to intangible assets	(17,933,673)	(20,910,856)	(17,140,873)	(20,910,856)
<b>Net cash used in investing activities</b>	<b>(1,221,450)</b>	<b>(186,280,295)</b>	<b>(644,306)</b>	<b>(184,212,497)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(41,085,736)	(35,620,946)	(38,987,659)	(33,993,701)
Increase in bank overdrafts and short-term loans from financial institutions	32,618,007	79,649,894	33,148,774	76,491,551
Increase (decrease) in short-term loans from related parties	(50,000)	50,000	-	-
Payment of long-term loans from financial institutions	(35,509,043)	(12,391,841)	(31,509,043)	(9,725,174)
Increase in finance lease liabilities from sale and leaseback	-	23,364,486	-	23,364,486
Payment of finance lease liabilities	(6,429,309)	(7,239,915)	(6,429,309)	(4,926,097)
Proceeds from capital increase	10,000,000	30,000,000	10,000,000	30,000,000
<b>Net cash provided by (used in) financing activities</b>	<b>(40,456,081)</b>	<b>77,811,678</b>	<b>(33,777,237)</b>	<b>81,211,065</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,007,899)</b>	<b>(1,897,240)</b>	<b>(2,017,632)</b>	<b>(1,885,076)</b>
Cash and cash equivalents at beginning of years	14,120,854	16,018,094	14,076,454	15,961,530
<b>Cash and cash equivalents at end of years</b>	<b>12,112,955</b>	<b>14,120,854</b>	<b>12,058,822</b>	<b>14,076,454</b>

**Non-cash transaction**

During the year ended December 31, 2011, the Company had purchased 400,000 common shares of the subsidiary from the existing shareholder at the total consideration of Baht 6.6 million of which partial cash payment of Baht 3 million was made to the seller.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements**  
**December 31, 2011 and 2010**

**1. GENERAL**

Cho Thavee Dollasien Co., Ltd. "the Company" is incorporated as a limited company in Thailand on November 18, 1994. The major shareholder of the Company is Group of Taweesaengsakulthai who owns 98.18% of the Company's authorized share capital. The Company is engaged in the business of manufacturing, selling and providing service of trailer assembly and special vehicles and equipment.

The registered offices are as follows:

Head office : 265 Moo 4, Klang Muang Road, Tambol Muang Khao, Amphur Muang, Khon Kaen  
Branch 1 : 96/25 Moo 3, Vibhavadi Rangsit Road, Talat Bang Khen, Laksi, Bangkok  
Branch 2 : 66/5 Moo 2, Tambol Pong, Amphur Bang Lamung, Chonburi

The subsidiary is Cho Thavee Thermo Tech Co., Ltd. (incorporated in Thailand) representing ownership interest of 99.99%. The subsidiary is engaged in manufacturing, fabrication, assembly for panel and container according to contracts entered into with customers.

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The accompanying financial statements are prepared in Thai Baht in the Thai language in conformity with generally accepted accounting principles in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

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

During 2010 and 2011, the Federation of Accounting Professions (FAP) has issued new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) relevant to the Company's operations that have been effective as follows:

a) Effective for the period beginning on or after January 1, 2011

TAS 1(Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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b) Effective for the period beginning on or after January 1, 2013

TAS 12	Income tax
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

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

Starting from January 1, 2011, the Company and subsidiary have adopted the new and revised accounting standards and financial reporting standards, issued by the Federation of Accounting Professions, in the preparation and presentation of the accompanying financial statements which include TAS 1 (revised 2009) "Presentation of Financial Statements", TAS 16 (revised 2009) "Property, Plant and Equipment", TAS 19 "Employee Benefits", and TAS 27 (revised 2009) "Consolidated and Separate Financial Statements". The effects of adoption of the aforementioned revised and new TAS are as follows:

**a) TAS 1 (revised 2009) "Presentation of Financial Statements"**

Under this revised accounting standard, a set of financial statements consists of:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Statement of cash flows; and
- Notes to the financial statements.

The Group presents all owner changes in shareholders' equity in the statement of changes in shareholders' equity and all non-owner changes in shareholders' equity in the statement of comprehensive income. Previously, all such changes were presented in the statement of changes in shareholders' equity.

Comparative information has been re-presented in order to be in conformity with the revised accounting standard. Such changes in comparative information and related accounting policies only impact the presentation of financial statements without effect to the previously reported loss or loss per share.

**b) TAS 16 (revised 2009) "Property, Plant and Equipment"**

Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation. Depreciation is determined separately for each significant part of an item of asset. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. Residual value and useful life of the asset are reviewed at year-end. The changes have been applied prospectively in accordance with the transitional provisions of such TAS, except that consideration of costs of asset dismantlement, removal, and restoration have been applied retrospectively.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**c) TAS 19 “Employee Benefits”**

Under this new accounting standard, the Group’s obligation in respect of post-employment benefits, which are compensations under Labor Protection Acts, is recognized as liability and expense in the financial statements based on the amount calculated annually, using the projected unit credit method by a qualified actuary. Previously, this obligation was recognized upon payments. Expenses from the estimated liability for post-employment benefits are recognized in the statement of comprehensive income and comprise of current service cost, interest cost, past service cost, and actuarial gains and losses. This employee benefit plan is unfunded and has no any incurred plan asset.

Such liability for post-employment benefits, as at January 1, 2011 for consolidated and separate financial statements amounted to approximately Baht 4.5 million and Baht 4.1 million, respectively. The Group has used an option to recognize the entire amount of such liability by adjusting the beginning deficit as at January 1, 2011 which is in accordance with the transitional provisions of this accounting standard.

Movements of liability for post-employment benefits for the year ended December 31, 2011 are as follows:

	In Thousand Baht	
	Consolidated financial statements	Separate financial statements
Liability for post-employment benefits as at January 1, 2011	4,478	4,097
Current service cost	598	507
Interest cost	201	184
Actuarial losses (gains)	(10)	10
Expense recognized in statement of comprehensive income	789	701
Employee benefits paid during the year	-	-
Liability for post-employment benefits as at December 31, 2011	5,267	4,798

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

- Discount rate 4.5% per annum
- Salary increase rate 4.5% per year
- Employee turnover rates 1% and 5% per year
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 15% of Thai Mortality Table (year 2008)

**d) TAS 27 (revised 2009) “Consolidated and Separate Financial Statements”**

Accounting for acquisitions of non-controlling interests (previously termed “minority interests”)

The Group has applied TAS 27 (revised 2009) Consolidated and Separate Financial Statements for all acquisitions of non-controlling interest in subsidiary. The new policy has been applied prospectively from January 1, 2011 in accordance with the transitional provisions of the revised standard.

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

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the "Group").

Significant intra-group transactions between the Company and its subsidiary are eliminated on consolidation.

#### **Subsidiary**

Subsidiary is the company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

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

#### **Trade Accounts Receivable and Allowance for Doubtful Accounts**

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

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

#### **Inventory Valuation**

Finished goods, work in progress, raw materials and spare parts and supplies

Inventories are stated at the lower of cost (after deduction of allowance for slow moving inventories) and net realizable value.

Cost is calculated using the standard cost formula (which approximates actual cost) for finished goods and work in progress, and weighted average cost formula for raw materials and supplies; and 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 overheads based on normal operating capacity.

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

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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**Contract work**

When the outcome of a contract can be estimated reliably, contract costs are recognized as expenses in the statement of comprehensive income by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the statement of comprehensive income immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognized as an expense in the statement of comprehensive income for the period in which they are incurred.

**Property, Plant and Equipment**

**Owned assets**

Land is stated at cost, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

**Leased assets**

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

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

Land improvements	5 years
Buildings, building improvements and leasehold improvements	20 years
Machinery and equipment	5 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

No depreciation is provided on land and assets under construction.

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

**Sale and leaseback from finance lease agreement**

Unrealized gain on sale and leaseback from finance lease agreement is amortized over the lease period.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses.

**Amortization**

Amortization is charged to the statement of comprehensive income on a straight line basis over the estimated useful life of 10 years.

**Impairment of Assets**

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

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

**Provisions**

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

**Warranties**

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

**Revenue Recognition**

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

**Contract revenues**

When the outcome of a contract can be estimated reliably, contract revenue is recognized in the statement of comprehensive income by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed as the ratio of contract costs incurred at the reporting date to total expected contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense in the statement of comprehensive income.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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**Revenue from sales and rendering of services**

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

Revenue from rendering of services is recognized when service is rendered to customer.

Interest and other income are recognized on an accrual basis.

Dividend income is recognized in the statement of comprehensive income on the date the Group's right to receive payments is established.

**Expenses**

**Operating Leases**

Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

**Finance costs**

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

**Use of Estimates**

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

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

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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**Foreign Currency Transactions**

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

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

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

**Derivative financial instruments**

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

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

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

**Income Tax**

The provision for income tax of the Group is based on the amount currently payable according to the Revenue Code.

**Earnings (Loss) per Share**

Earnings (loss) per share is determined by dividing the net profit (loss) by the weighted average number of ordinary shares outstanding during the year (1,285,753 shares in 2011 and 1,027,396 shares in 2010).



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**4. RELATED PARTY TRANSACTIONS AND BALANCES**

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

The related parties consisted of:

Company and party	Type of Business	Relationships	Percentage of holding (%)	
			2011	2010
Cho Thavee Thermo Tech Co., Ltd.	Manufacturing, fabrication, assembly for panel and Container	Subsidiary	99.99	80
Chia Eam Seng Co., Ltd.	Trading of vehicles and industrial equipment	Co-shareholders and directors	-	-
Khon Kaen Cho Thavee Limited Partnership	Trading of vehicles	Co-partnerships	-	-
Taweesaengthai Nongrua Rice Mill Ltd., Part.	Rice mill	Co-partnerships	-	-
Bangkok CTV. Intertrade Co., Ltd.	Manufacturing and export of home appliance	Co-shareholders and directors	-	-
Khon Kaen Cho Thavee (1993) Co., Ltd.	Manufacturing and trading of trailer	Co-shareholders and directors	-	-
Volrep Truck and Bus Co., Ltd.	Trading of vehicles	Co-shareholders and directors	-	-
Energy System Co., Ltd.	Manufacturing of electronic circuit board	Co-shareholder and director	-	-
A P S Multi-Trade Co., Ltd.	Trading of agricultural machinery and equipment	Co-shareholder and director	-	-

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Company and party	Type of Business	Relationships	Percentage of holding (%)	
			2011	2010
Cho. Thavee Bus and Truck Co., Ltd.	Manufacturing of chassis for vehicle, trailer and semi-trailer	Co-shareholders and directors	-	-
O J Development Co., Ltd.	Rental retail area	Co-shareholders and directors	-	-
Dongfeng Hangzhou Motor (Thailand) Co., Ltd.	Trading of vehicles	Indirect control	-	-
Doll Fahrzeugbau AG	Manufacturing and trading of trailer assembly	The Company's shareholder (0.91% holding)	-	-

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

Type of Transactions	Pricing Policies
Contract revenue, revenue from sales and rendering of services	Agreed price
Purchase of fixed assets	Agreed price
Purchase of materials	Agreed price
Managements, rental and other income	Contract price and/or agreed price
Interest income and interest expense	7% per annum
Royalty fee	Contract price

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

Significant transactions for the years ended December 31, 2011 and 2010 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Subsidiary				
Contract revenues	-	-	-	3,738
Revenue from sale and rendering of services	-	-	5,240	3,134
Management fee income	-	-	2,361	2,361
Rental income	-	-	1,440	1,440
Interest income	-	-	647	188
Other income	-	-	1,085	691
Purchase of materials	-	-	29,282	12,546
Related parties				
Contract revenues	3,209	1,720	-	1,720
Revenue from sale and rendering of services	77	788	77	788
Management fee income	4,710	10,222	4,710	10,222
Rental income	943	530	943	530
Interest income	10,623	3,639	10,122	3,639
Other income	4,531	224	4,447	224
Purchase of fixed assets	3,918	2,776	3,918	2,776
Purchase of materials	117,287	25,628	117,118	25,459
Interest expense	863	195	-	-
Remuneration of key management				
- Short-term employee benefits	5,095	4,683	5,095	4,683
- Post-employment benefits	36	-	36	-
Total	5,131	4,683	5,131	4,683

Balances as at December 31, 2011 and 2010 with related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade accounts receivable				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	1,461	2,997
Related parties				
Khon Kaen Cho Thavee (1993) Co., Ltd.	3,524	-	-	-
Volrep Truck and Bus Co., Ltd.	4	1	4	1
Total	3,528	1	1,465	2,998

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

The trade accounts receivable are aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Current	3,524	1	1,461	2,998
Overdue:				
- Not over 3 months	4	-	4	-
Total	<u>3,528</u>	<u>1</u>	<u>1,465</u>	<u>2,998</u>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Short-term loans to</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	8,850	8,136
Related parties				
Khun Suradech Taweesaengsakulthai	81,236	28,386	74,622	21,104
Khon Kaen Cho Thavee (1993) Co., Ltd.	32,116	139,136	32,116	139,136
Volrep Truck and Bus Co., Ltd.	9,843	-	9,843	-
Total	<u>123,195</u>	<u>167,522</u>	<u>125,431</u>	<u>168,376</u>

Movements during the years ended December 31, 2011 and 2010 of short-term loans to related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Short-term loans to</b>				
Balance as at January 1	167,522	19,735	168,376	19,735
Increase	184,599	272,124	279,758	342,787
Decrease	(228,926)	(124,337)	(322,703)	(194,146)
Balance as at December 31	<u>123,195</u>	<u>167,522</u>	<u>125,431</u>	<u>168,376</u>

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Interest receivables</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	835	188
Related parties				
Khun Suradech Taweesaengsakulthai	18,078	13,371	17,484	13,279
Khon Kaen Cho Thavee (1993) Co., Ltd.	7,531	2,236	7,531	2,236
Volrep Truck and Bus Co., Ltd.	621	-	621	-
<b>Total</b>	<b>26,230</b>	<b>15,607</b>	<b>26,471</b>	<b>15,703</b>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Other receivables</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	935	383
Related parties				
Khon Kaen Cho Thavee (1993) Co., Ltd.	2,684	2,848	2,684	2,848
Volrep Truck and Bus Co., Ltd.	2,277	1,748	2,277	1,748
O J Development Co., Ltd.	1,010	1,007	1,010	1,007
<b>Total</b>	<b>5,971</b>	<b>5,603</b>	<b>6,906</b>	<b>5,986</b>

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Trade accounts payable</b>				
Subsidiary				
Cho Thavee Thermo Tech Co., Ltd.	-	-	154	1,346
Related parties				
Doll Fahrzeugbau AG	34,143	7,133	34,143	7,133
Others	2,729	60	2,729	24
<b>Total</b>	<b>36,872</b>	<b>7,193</b>	<b>37,026</b>	<b>8,503</b>

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Short-term loan from</b>				
Related party				
Khon Kaen Cho Thavee (1993) Co., Ltd.	-	50	-	-

Movements during the years ended December 31, 2011 and 2010 of short-term loans from related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Short-term loans from</b>				
Balance as at January 1	50	-	-	-
Increase	-	56,780	-	36,410
Decrease	(50)	(56,730)	-	(36,410)
Balance as at December 31	-	50	-	-

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<b>Interest payable</b>				
Related party				
Khon Kaen Cho Thavee (1993) Co., Ltd.	-	195	-	-
<b>Other payable</b>				
Related parties				
Volrep Truck and Bus Co., Ltd.	500	-	500	-
Khun Rungtiwa Taweesaengsakulthai	104	524	104	524
Khon Kaen Cho Thavee (1993) Co., Ltd.	13	-	-	-
Total	617	524	604	524

**Significant agreements with related parties**

The Company has entered into cooperation and know-how contract with a foreign related party whereby the latter shall grant the license to use the know-how for the production and sale catering trucks. Under the terms of the agreement, the Company is committed to pay fees as stipulated in the agreement.

The Company has entered into building and vehicle lease agreements with two related parties to rent its building and vehicle to them for period of 2-3 years expiring on December 31, 2011 and May 31, 2012, whereby, the related parties have an option to renew the rental agreement upon the expiry dates. Total rental income under these agreements amounted to Baht 0.72 million per year.

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

The Company entered into administrative service agreement with a related party whereby the Company will provide the related party for certain business services e.g. services for accounting systems and administrative for period of 3 years expiring on October 31, 2014. Under the terms of the agreements, the related party is committed to pay the Company for service charge as specified in the agreements.

On May 2, 2005, the subsidiary had entered into Know How Purchasing Contract with Mr. Jacques Teyssier. Under the agreement, he shall be provided expertise in helping the subsidiary to implement an industrial process to produce FRP-PU sandwich panels, technical and engineering assistance, training staffs and supplying production software. The subsidiary had paid a know how fee amounted to Baht 4.0 million and recorded such payment as part of intangible assets (amortized to expense over the period of 10 years).

**5. TRADE ACCOUNTS RECEIVABLE – OTHERS - NET**

As at December 31, 2011 and 2010 the Group had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Current	36,268	46,075	36,127	45,095
Overdue:				
- Not over 3 months	13,646	14,246	12,303	13,785
- Over 3 months to 6 months	70	935	70	935
- Over 6 months to 12 months	3,798	19,635	3,798	19,635
- Over 12 months	40,381	48,836	40,381	48,783
Total	94,163	129,727	92,679	128,233
Less allowance for doubtful accounts	(1,026)	(3,784)	(1,026)	(3,732)
Net	93,137	125,943	91,653	124,501

As at December 31, 2011, the Company had trade account receivable aged overdue over 12 months amounted to Baht 39.4 million (net of allowance for doubtful accounts of Baht 1 million) consisted of a state enterprise amounted to Baht 39.3 million and a private company amounted to Baht 0.1 million. In February 2012 the Company has collected all the outstanding from such state enterprise.



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
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**6. WORK IN PROGRESS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cost and attributable profit	229,531	201,408	226,604	197,162
Progress billings	(165,184)	(177,197)	(165,184)	(176,570)
Net	<u>64,347</u>	<u>24,211</u>	<u>61,420</u>	<u>20,592</u>
Comprising				
Unbilled contract work in progress	90,048	73,194	87,121	69,575
Excess of progress billings over contract work in progress	(25,701)	(48,983)	(25,701)	(48,983)
Net	<u>64,347</u>	<u>24,211</u>	<u>61,420</u>	<u>20,592</u>

**7. INVENTORIES – NET**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Finished goods	7,848	9,100	6,381	8,839
Work in progress	14,698	28,695	14,017	26,594
Raw materials	134,701	98,528	122,498	88,554
Raw materials in transit	26,678	15	25,659	15
Spare parts and supplies	4,403	3,122	4,106	2,926
Total	<u>188,328</u>	<u>139,460</u>	<u>172,661</u>	<u>126,928</u>
Less allowance for slow moving inventories	(9,775)	(6,322)	(9,247)	(5,955)
Net	<u>178,553</u>	<u>133,138</u>	<u>163,414</u>	<u>120,973</u>

**8. OTHER CURRENT ASSETS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Withholding tax deducted at source	3,755	3,755	3,755	3,755
Advance payment	3,183	3,846	3,176	3,667
Prepaid expenses	2,682	446	1,452	446
Deposits for purchase of raw materials	1,440	5,684	1,440	5,544
Others	4,357	969	4,135	606
Total	<u>15,417</u>	<u>14,700</u>	<u>13,958</u>	<u>14,018</u>

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**9. DEPOSITS AT FINANCIAL INSTITUTIONS UNDER PLEDGED**

As at December 31, 2011, deposits at financial institutions are used as guarantee for overdraft line and other credit facilities of Baht 13.4 million as discussed in Note 13.

**10. INVESTMENT IN SUBSIDIARY**

As at December 31, 2011 and 2010 the details of investment in the separate financial statements were as follows:

	Ownership Interest (%)	In Thousand Baht		
		Paid – up Capital	Cost Method	Dividend Income
Cho Thavee Thermo Tech Co., Ltd.				
At December 31, 2011	99.99	20,000	22,600	-
At December 31, 2010	80.00	20,000	16,000	-

At the extraordinary meeting held on July 26, 2011, the shareholders approved the Company to purchase investment in subsidiary, Cho Thavee Thermo Tech Co., Ltd., from the existing shareholder of 400,000 shares at Baht 16.5 per share, totaling Baht 6,600,000. Resulting in an increase of the ownership interest in subsidiary from 80% to 99.99%.

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**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**11. PROPERTY, PLANT AND EQUIPMENT – NET**

	Consolidated financial statements						
	In Thousand Baht						
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Deposits and construction in progress
Cost							Total
Balance as at January 1, 2010	28,000	926	101,547	122,343	11,468	8,420	272,704
Additions	-	-	224	5,107	3,246	5,800	17,052
Disposals	-	-	-	(557)	-	-	(557)
Transfer – net	-	-	-	1,737	-	-	1,737
Balance as at December 31, 2010	28,000	926	101,771	128,630	14,714	14,220	290,936
Additions	-	-	6,032	4,904	841	4,328	27,941
Disposals	-	-	(1,079)	-	-	(407)	(1,486)
Transfer – net	-	-	2,023	66	-	199	(285)
Balance as at December 31, 2011	28,000	926	108,747	133,600	15,555	18,340	317,106

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**

**Notes to the financial statements (Continued)**

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**Consolidated financial statements**

**In Thousand Baht**

	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Deposits and construction in progress	Total
Accumulated depreciation								
Balance as at January 1, 2010	-	926	34,358	65,527	9,553	6,180	-	116,544
Depreciation charge for the year	-	-	5,082	20,583	1,125	1,368	-	28,158
Disposals	-	-	-	(210)	-	-	-	(210)
Transfer – net	-	-	-	(80)	-	-	-	(80)
Balance as at December 31, 2010	-	926	39,440	85,820	10,678	7,548	-	144,412
Depreciation charge for the year	-	-	5,294	18,696	1,270	2,387	-	27,432
Disposals	-	-	(540)	-	-	(95)	-	(635)
Balance as at December 31, 2011	-	926	44,194	104,516	11,948	9,840	-	171,209
Net book value								
As at December 31, 2010	28,000	-	62,331	42,810	4,036	6,672	2,675	146,524
As at December 31, 2011	28,000	-	64,553	29,084	3,607	8,500	11,938	145,897

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**Separate financial statements**

	In Thousand Baht						
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, Fixtures and office equipment	Vehicles	Deposits and construction in progress
							Total
Cost							
Balance as at January 1, 2010	28,000	926	99,451	96,214	11,211	8,420	244,222
Additions	-	-	224	3,913	3,195	5,800	15,705
Balance as at December 31, 2010	28,000	926	99,675	100,127	14,406	14,220	259,927
Additions	-	-	6,032	4,676	821	4,328	25,792
Disposals	-	-	(1,079)	-	-	(407)	(1,486)
Transfer – net	-	-	2,023	66	-	199	(285)
Balance as at December 31, 2011	28,000	926	106,651	104,869	15,227	18,340	283,948

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**Separate financial statements**

	In Thousand Baht						
	Land	Land improvements	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, Fixtures and office equipment	Vehicles	Deposits and construction in progress
Accumulated depreciation							
Balance as at January 1, 2010	-	926	33,991	48,819	9,395	6,180	-
Depreciation charge for the year	-	-	4,977	15,472	1,071	1,368	-
Balance as at December 31, 2010	-	926	38,968	64,291	10,466	7,548	-
Depreciation charge for the year	-	-	5,189	15,271	1,240	2,387	-
Disposals	-	-	(540)	-	-	(95)	-
Balance as at December 31, 2011	-	926	43,617	79,562	11,706	9,840	-
Net book value							
As at December 31, 2010	28,000	-	60,707	35,836	3,940	6,672	2,573
As at December 31, 2011	28,000	-	63,034	25,307	3,521	8,500	9,935

Machinery and equipment, and vehicles with net book value of Baht 8.6 million and Baht 1.3 million, respectively, as at December 31, 2011 and Baht 16.4 million and Baht 0.7 million, respectively, as at December 31, 2010 are assets under hire-purchase agreements.

The gross carrying amounts of fully depreciated fixed assets of the Group those are still in use as at December 31, 2011 and 2010 amounted to Baht 61.5 million and Baht 29.4 million, respectively.

All land and construction thereon with the net carrying value of Baht 91 million and Baht 88.7 million as at December 31, 2011 and 2010, respectively, have been pledged as collateral for the credit facilities granted from certain local financial institutions of the Group as discussed in Note 13

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**12. INTANGIBLE ASSETS - NET**

	Consolidated financial statements			
	In Thousand Baht			
	Computer software	Know how fee	Patent under registration process	Total
Cost				
Balance as at January 1, 2010	-	4,000	-	4,000
Additions	19,836	-	1,074	20,910
Balance as at December 31, 2010	19,836	4,000	1,074	24,910
Additions	15,969	-	1,965	17,934
Balance as at December 31, 2011	35,805	4,000	3,039	42,844
Accumulated amortization				
Balance as at January 1, 2010	-	1,368	-	1,368
Amortization charge for the year	1,370	400	-	1,770
Balance as at December 31, 2010	1,370	1,768	-	3,138
Amortization charge for the year	2,918	400	-	3,318
Balance as at December 31, 2011	4,288	2,168	-	6,456
Net book value				
At December 31, 2010	18,466	2,232	1,074	21,772
At December 31, 2011	31,517	1,832	3,039	36,388

Know how fee represented the amount of which the subsidiary paid to Mr. Jacques Teyssier under the Know How Purchasing Contract as discussed in Note 4.

	Separate financial statements		
	In Thousand Baht		
	Computer software	Patent under registration process	Total
Cost			
Balance as at January 1, 2010	-	-	-
Additions	19,836	1,074	20,910
Balance as at December 31, 2010	19,836	1,074	20,910
Additions	15,969	1,965	17,934
Balance as at December 31, 2011	35,805	3,039	38,844
Accumulated amortization			
Balance as at January 1, 2010	-	-	-
Amortization charge for the year	1,370	-	1,370
Balance as at December 31, 2010	1,370	-	1,370
Amortization charge for the year	2,918	-	2,918
Balance as at December 31, 2011	4,288	-	4,288
Net book value			
At December 31, 2010	18,466	1,074	19,540
At December 31, 2011	31,517	3,039	34,556

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**13. CREDIT FACILITIES**

As at December 31, 2011 the Group has agreements with local financial institutions for the following credit facilities:

	In Thousand	
	U.S. Dollars	Baht
Long-term loan	-	72,000
Short-term loan	-	73,000
Bank overdraft	-	50,900
Letter of credit, trust receipts and packing credit	-	580,000
Forward exchange contract	2,000	470,000
Letter of guarantee	-	219,134
Total	<u>2,000</u>	<u>1,465,034</u>

The credit facilities are secured by:

- c) Mortgage of the Company's land and structures as described in Note 11;
- d) Deposits at financial institutions under pledge as described in Note 9;
- e) The insurance coverage on structures are assigned to the banks;
- f) The guarantee of certain directors and related parties, and
- g) Land and structures of certain directors.

The above credit facilities contain certain restrictions on maintenance of financial ratios and etc.

**14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Bank overdrafts	25,656	27,623	21,136	23,323
Liabilities under trust receipts	330,029	273,248	323,738	266,206
Liabilities under packing credits	-	10,787	-	10,787
Promissory notes	118,325	129,674	118,325	129,674
Total	<u>474,010</u>	<u>441,332</u>	<u>463,199</u>	<u>429,990</u>

- a) The liabilities under trust receipts bear interest at the rates ranging from Minimum Loan Rate (MLR) minus 1.75% per annum to MLR plus 0.50% per annum.
- b) The liabilities under packing credits bear interest at the rate of MLR per annum.



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**Notes to the financial statements (Continued)**  
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- c) Promissory notes bear interest at the rates ranging from MLR minus 1.75% to Minimum Overdraft Rate (MOR) per annum.

The above bank overdrafts and short-term loans are secured by assets and guaranteed by certain directors as described in Note 13

Under the terms of trust receipts agreements, certain imported inventories have been released to the Group in trust of the financial institutions. The Group, therefore, is accountable to the financial institutions for such inventories.

Under the term of the agreements covering the Group's liabilities under packing credits, the Group will receive from the bank the value of the merchandise before shipping the merchandise to customers provided that the Group has a commitment to pay back to the bank upon collection from sales.

## **15. FINANCE LEASE LIABILITIES**

Finance lease liabilities are payable as follows:

	In Thousand Baht					
	2011			2010		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	6,552	822	7,374	5,731	1,198	6,929
After one year but within five years	8,166	372	8,538	13,995	1,135	15,130
Total	<u>14,718</u>	<u>1,194</u>	<u>15,912</u>	<u>19,726</u>	<u>2,333</u>	<u>22,059</u>

The Company entered into hire-purchase contracts with a local financial institution and a local company covering its transportation and machinery. Under the terms of the contract, the Company must comply with certain conditions covering the leased assets.

As of December 31, 2011 and 2010 the Company had future minimum lease payment under the hire-purchase contracts as follows:

Years	In Thousand Baht	
	2011	2010
2011	-	6,929
2012	7,374	6,929
2013	7,374	6,929
2014	1,164	1,272
Total	<u>15,912</u>	<u>22,059</u>

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**16. LONG-TERM LOANS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Loan from the first local bank	4,739	7,740	4,739	7,740
Loan from the second local bank	18,653	32,661	13,320	23,328
Loan from a foreign investment company	28,195	46,695	28,195	46,695
Total	51,587	87,096	46,254	77,763
Less current portion due within one year	(45,203)	(37,008)	(41,203)	(33,008)
Net	6,384	50,088	5,051	44,755

The Company has obtained credit facility from the first local bank totaling Baht 30 million. The loan from this bank bears interest at the rate of MLR minus 1.75% per annum in the first and second year and at the rate of MLR per annum after that. Interest is repayable at the end of each month. Such loan is repayable at 120 monthly equal installments and maturing within July 8, 2013.

The loan from the second local bank bears interest at the rate of MLR plus 1.5% per annum. Interest is repayable at the end of each month. Such loan is repayable at 36 monthly equal installments and maturing within April 2013.

Such loans from local banks are secured by assets and guaranteed by certain directors as described in Note 13.

The above long-term loans contain certain restrictions on maintenance of financial ratios and etc.

On February 1, 2011, the Company has entered into Repayment Agreement to repay the above loan from a foreign investment company totaling amounted to Baht 46,695,343 (comprise of principal amounted to Baht 40,000,000 and interest payable, computed based on the above repayment conditions, amounted to Baht 6,695,343). The loan is repayable at 20 monthly installments at the amount as stipulate in the agreement and maturing within September 28, 2012.

**17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Accrued commission	4,453	-	4,453	-
Accrued salary and bonus	4,259	3,440	3,903	3,151
Subscription payable	3,600	-	3,600	-
Warrantee reserve	2,000	2,000	2,000	2,000
Value added tax payable	495	11,507	495	11,507
Others	6,239	10,493	5,308	9,904
Total	21,046	27,440	19,759	26,562

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**18. SHARE CAPITAL**

	In Baht	In Thousand Shares / In Thousand Baht			
		2011		2010	
		Number	Amount	Number	Amount
Authorized - ordinary shares					
At January 1,	100	1,200	120,000	1,200	120,000
Increase share capital	100	100	10,000	-	-
At December 31,	100	<u>1,300</u>	<u>130,000</u>	<u>1,200</u>	<u>120,000</u>
Issued and paid - up					
- Ordinary shares					
At January 1,		1,200	120,000	1,200	90,000
60% call for 500,000 shares		-	-	-	30,000
Increase of new shares		100	10,000	-	-
At December 31,		<u>1,300</u>	<u>130,000</u>	<u>1,200</u>	<u>120,000</u>

At the board of directors' meetings held on July 1, 2010, July 10, 2010 and August 1, 2010, the directors approved to call for a 60% paid-up for the additional 500,000 ordinary shares of Baht 60 per share, totaling Baht 30 million.

At the extraordinary meeting held on February 16, 2011, the shareholders of the Company passed the special resolution to increase authorized share capital from Baht 120,000,000 (1,200,000 shares at Baht 100 par value) to Baht 130,000,000 (1,300,000 shares at Baht 100 par value). The capital increase was registered with the Ministry of Commerce on February 22, 2011.

**19. NON-CONTROLLING INTEREST**

As described in Note 10, such transaction resulting in a decrease of non-controlling interest in Cho Thavee Thermo Tech Co., Ltd. from 20% to 0.01%. The movement of non-controlling interest for the year ended December 31, 2011 was as follows:

	In Thousand Baht
Balance as at January 1, 2011	767
Adjustment (Note 2)	(76)
Shares purchase from non-controlling interest	(6,600)
Dilution in non-controlling interest	5,633
Net profit attributable to non-controlling interest	277
Balance as at October 31	<u>1</u>

**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
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**20. EXPENSES BY NATURE**

Significant expenses by nature are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Changes in finished goods and work in process	14,512	1,885	15,035	2,643
Raw materials and supplies usage	526,075	568,479	493,224	554,609
Salary, wages and other employee benefits	59,152	59,075	53,603	54,162
Depreciation and amortization	30,115	29,929	26,155	24,258
Freight expense	8,191	4,812	7,768	4,762

**21. SEGMENT INFORMATION**

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segment is based on the Group's management and internal reporting structure.

**Business segments**

The Group is comprised the following main business segments:

Contract revenues	:	Sales of manufacturing goods under the contracts entered into with the customers
Revenue from sales	:	Sales of spare parts and merchandises
Services	:	Providing repair and maintenance services

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Business segment results for the year ended December 31, 2011 and 2010 was as follows:

	In Thousand Baht					
	Contract revenues		Revenue from sales		Revenue from rendering of services	
	2011	2010	2011	2010	2011	2010
Contract revenues,						
revenue from sales and						
rendering of services	636,851	592,559	15,448	63,489	17,061	10,264
Cost of contract work,						
cost of sales and						
rendering of services	(519,296)	(537,695)	(13,156)	(46,106)	(18,010)	(15,232)
Gross margin	<u>117,555</u>	<u>54,864</u>	<u>2,292</u>	<u>17,383</u>	<u>(949)</u>	<u>(4,968)</u>
Selling and administrative						
expenses					(124,859)	(112,874)
Other income					28,937	41,800
Gain (loss) on exchange rate - net					4,126	(2,473)
Income tax expense					(2,809)	-
Profit (loss) for the year					<u>24,293</u>	<u>(6,268)</u>

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**Geographic segments**

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

The Group's segment revenues based on the geographic location of customers for the years ended December 31, 2011 and 2010 was as follows:

	In Thousand Baht	
	2011	2010
Thailand	273,823	517,753
South Korea	59,552	18,897
Singapore	45,729	22,036
The United Arab Emirates	45,895	63,701
Others	244,361	43,925
Total	669,360	666,312

**22. FINANCIAL INSTRUMENTS**

**Financial risk management policies**

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

**Foreign currency risk**

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

As at December 31, 2011 the outstanding unhedged foreign currency assets and liabilities due within one year were as follows:

	In Thousand	
	Assets	Liabilities
Euro	13	826
U.S. Dollars	833	84
SGD	3	-
AED	-	4

Management believes that such foreign currency risk is minimal.

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**Credit risk**

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

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

**Liquidity risk**

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

**Fair values**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

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

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

Long-term loans mainly bear interest at floating rate, reference to the market rate - the carrying value approximates their fair value.

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**23. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2011, the Group had:

- a) commitments for engineering service agreements and supply contracts with various local and foreign companies amounting to Baht 4.5 million, Euro 0.4 million (equivalent to Baht 17 million), and
- b) contingent liability arising from guarantee of the credit facilities of a related party amounting to Baht 65 million, and
- c) unused letters of credit totaling Euro 0.16 million (equivalent to Baht 6.6 million), and
- d) letters of guarantee issued by local banks to various private companies, government agencies and state enterprises amounting to approximately Baht 68.9 million, and
- e) outstanding balance of forward purchase contracts of Euro 0.7 million (equivalent to Baht 30.6 million) and forward sale contracts of Euro 0.4 million (equivalent to Baht 19 million), SGD 0.4 million (equivalent to Baht 10.5 million) and U.S. Dollars 0.7 million (equivalent to Baht 21.9 million) The above contracts mature in June 2012.

**24. OTHER**

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the manufacturing of fabrication industry and repairing service of platform and the subsidiary has been granted certain promotional privileges relating to the manufacturing of plastic panels and fabrication. The privileges granted include among others, the following:

- a) exemption from the payment of income tax for certain operations not exceed Baht 3.5 million, for a period of eight (8) years from the date on which the income is first derived from such operation up to April 2019 for the Company and exemption from payment of income tax on the net profit of the promoted business for the period of eight (8) years from the date on which the income is first derived from such operation up to March 2014 for the subsidiary, and
- b) 50% deduction in the normal income tax on the net profit of the promoted business for the period of five (5) years from the expiration date in (a) above up to March 2019 for the subsidiary, and
- c) exemption from payment of import duties on imported machinery necessary for production as approved by the Board of Investment, and
- d) exemption from payment of import duties on imported raw materials and supplies using for production and export as approved by the Board of Investment.

As a promoted companies, the Group must comply with certain conditions and restrictions provided for in the promotional certificates.



**CHO THAVEE DOLLASIEN CO., LTD. AND ITS SUBSIDIARY**  
**Notes to the financial statements (Continued)**  
**December 31, 2011 and 2010**

**25. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in the 2010 financial statements have been reclassified to conform with the presentation in the 2011 financial statements as follows:

	Consolidated financial statements		
	In Thousand Baht		
	Before reclassify	Reclassify	After reclassify
Cost of contract work	536,906	790	537,696
Selling expenses	20,612	593	21,205
Administrative expenses	46,310	3,300	49,610
Management remuneration	4,683	(4,683)	-
		-	
	Separate financial statements		
	In Thousand Baht		
	Before reclassify	Reclassify	After reclassify
Cost of contract work	532,438	790	533,228
Selling expenses	18,647	593	19,240
Administrative expenses	44,457	3,300	47,757
Management remuneration	4,683	(4,683)	-
		-	

**26. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for dissemination by the Company's directors on March 29, 2012.