



Thiensurat Public Company Limited



Annual Report 2014



Thiensurat Public Company Limited

Financial Highlights

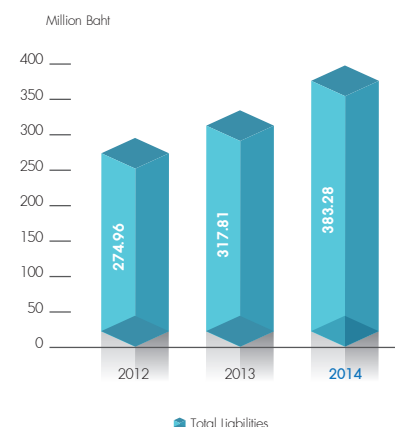
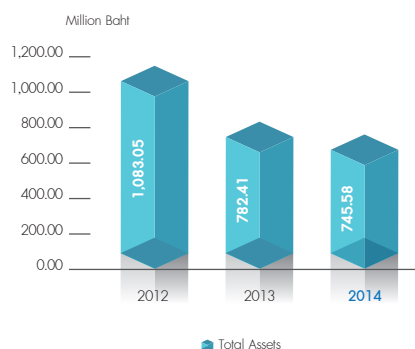
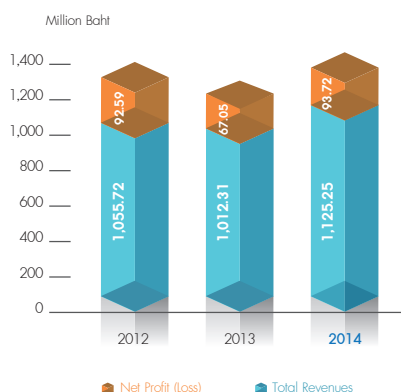
Thiensurat Public Company Limited and Its Subsidiary.
Highlights of the Consolidated Financial Statement (Million Baht)

As at December 31st, 2014

	2014	2013	2012
Sales Revenues	996.83	902.25	939.58
Total Revenues	1,125.25	1,012.31	1,055.72
Gross Margin	917.41	824.14	856.33
Cost of Sales	(201.33)	(174.66)	(183.37)
Selling Expenses	(564.33)	(524.93)	(553.02)
Administrative Expenses	(191.16)	(168.28)	(138.64)
Net Profit (Loss)	93.72	67.05	92.59
Total Assets	1,083.05	782.41	745.58
Total Liabilities	274.96	317.81	383.28
Total Shareholder's Equity	808.10	464.60	362.30

Financial Ratio

Net Profit (Loss) Ratio	8.33	6.62	8.77
Return on Equity (%)	14.73	16.22	29.01
Return on Assets (%)	10.05	8.78	12.87
Dividend Pay Out Ratio (%)	18.97	41.39	-
Liabilities Per Equities Ratio	0.34	0.68	1.06
Earnings Per Share (Baht)	0.31	0.27	0.40
Dividend Per Share (Baht)	43.00	-	-
Book value Per Share (Baht)	2.35	1.80	1.55
Total Staff (Persons)	1,342	1,688	1,516



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Message from Directors

Dear shareholders,

The year 2014 was a milestone year for us. It was the year that Thiensurat Public Company Limited (TSR) was listed on the Stock Exchange of Thailand (SET) and became widely known by the public and shareholders. The ultimate goal of TSR's board of directors, executive officers and staff is to provide clean and safe water for good health for Thai and global citizens. Like food, water is essential to life. Proper clean water consumption will bring about utmost benefits to human body. Thus, we are determined to ensure that good quality drinking water purifiers are installed in all households and organizations.

We aim to ensure that all of our staff received reasonable remuneration and have security in their life while our shareholders are well-treated and gain maximum benefits from our company's operating results with minimum risks. With our transparent management and under environmentally-friendly concepts, we are on a mission to achieve sustainable growth of our water purifier sales and distribution through single-level direct-sales channels. Moreover, we plan to expand our business further from our existing customer base. We always give importance to product development, excellent service and proactive communication with all customers. We also committed for transparency and professional management with corporate governance to protect shareholders' benefits and, more importantly, to yield reasonable returns to the shareholders on a regular basis and without any impact on our company's strength and sustainable growth.

The global water purifier market is quite big and still in the "blue ocean" market. We are more likely to achieve sales of ten billion baht in the near future similar to some leading water purifier companies overseas of which sales to individual and corporate customers have surpassed ten billion baht. Meanwhile, we are also conducting a feasibility study on market expansion into the ASEAN Economic Community (AEC).

Currently, we have a very limited number of competitors in single level direct sales and the competitors have not created any direct impact on us yet because we focus on different customer segmentation. We still see ample opportunities in the market due to strong demand of good water purifiers.

Finally, on behalf of TSR's board of directors, we would like to express our gratitude towards our shareholders, customers and business partners for good support provided to TSR. In addition, we would like to thank all of the executives and our staff for their dedication and devotion to continuously develop our company and create sustainability. We promise that we will operate our business with a code of ethics, honesty, transparency and awareness of corporate governance.



(Mr. Sahas Treetipbut)
Chairman of the Board

(Mr. Werawat Changyoo)
Chief Executive Officer

Board of Directors



1 Mr. Sahas Treetipbut

Chairman of the Board

2 Mr. Werawat Changyoo

Director / Chief Executive Officer

3 Ms. Theinvanee Changyoo

Director

4 Mr. Viruch Wongnirund

Director / Managing Director

5 Ms. Savita Changyoo

Director

6 Mr. Ekarat Changyoo

Director

7 Associate Professor. Boonserm Vimuktanandana

Chairman of Audit Committee and
Independent Director

8 Dr. Supree Wongdeeprom Ph.D.

Member of Audit Committee and
Independent Director

9 Mr. Suthee Tripornchaisak

Member of Audit Committee and
Independent Director



Executive Board Member



1 Mr. Werawat Changyoo
Chief Executive Officer

2 Mr. Viruch Wongnirund
Executive Board Member

3 Mr. Paitoon Homchan
Executive Board Member

4 Mr. Asawin Changyoo
Executive Board Member

5 Mr. Watcharin Watcharatham
Executive Board Member

6 Ms. Theinvanee Changyoo
Executive Board Member

7 Ms. Savita Changyoo
Executive Board Member

8 Mr. Ekarat Changyoo
Executive Board Member

9 Mrs. Pattaranoot Thananiran
Executive Board Member

10 Mr. Siripat Sahamethapat
Executive Board Member

11 Mr. Pattanon Premsmi
Executive Board Member



Audit Committee's Report : For Year 2014

Dear shareholders of Thiensurat Public Company Limited,

The Audit Committee of Thiensurat Public Company Limited comprises of three (3) Independent Directors, who are neither executive officers nor employees of Thiensurat Public Company Limited. The audit committee members are as follows:

1.	Associate Professor. Boonserm	Vimuktanandana	Chairman of the Audit Committee
2.	Dr. Supree	Wongdeeprom Ph.D.	Member
3.	Mr. Sutee	Tripornchaisak	Member
with	Ms. Waldee	Sriboonrueng,	Secretary to the Committee

The audit committee performs its duties according to the assignment from the board of directors and the charter of audit committee in compliance with the regulation of the Stock Exchange of Thailand. During the fiscal year of 2014, the committee held five meetings. All members in the audit committee attended the meetings with executive officers, external auditors, and internal auditors. The meeting minutes are provided to the board of directors with the summary as follows:

1. To review and audit the financial reporting process for the accuracy and adequacy of the financial report

The audit committee reviewed the interim financial statement and the final report of year 2014 with the external auditor and the company's management team. The audit committee also had an exclusive meeting with the external auditor without the presence of the company's management team. Questions, comments, recommendations, and opinions regarding the financial statement were exchanged in order to ensure that the financial statement is accurate, adequate, and reliable according to the generally accepted accounting principles. The financial information was adequately disclosed to support the financial statement before presenting to the board of directors for approval to publicly report to the Stock Exchange of Thailand and The Securities and Exchange Commission.

Opinions : The Audit Committee agreed that the company financial statement of year 2014 is accurate according to the generally accepted accounting principles and thus reliable.

2. To review the internal control system and the internal audit system, including the independence of the Office of Internal Audits

The audit committee assigned the Office of Internal Audits to evaluate the internal control system of accounting, finance, and operation. The audit committee also reviewed to approve the annual audit plan to correspond with company environment and considered the jurisdiction and independence of audit operations. In addition, the internal audit report was directly submitted by the internal auditor. The audit committee provided the recommendations to form suitable internal audit system with monitoring and evaluation, which is part of the good corporate governance practices.

Opinions : The audit committee agreed that the overall internal audit system, which includes audit environment, risk assessment, the control of operation from management, improvement of audit procedure, follow-up system, is sufficient, suitable, and independent.



3. To review the performance of the company to ensure compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand, and law relating to the company's business, including regulation/instruction/announcement/order which are issued on the basis of those laws and good corporate governance principal

The audit committee emphasized and acknowledged the report on compliance with the securities and exchange law and law relating to the company's business. Furthermore, the audit committee acknowledged from the external auditor that there was no issue or observation to be reported to the audit committee by virtue of section 89/25 of the Securities and Exchange Act.

Opinions : The audit committee agreed that the company has sufficient and suitable internal control system and internal audit system with independence and there was no important issue with the conflict of relating law and regulations.

4. To review risk management system

The audit committee reviewed the risk management activities of the Risk Management Committee. Furthermore the audit committee reviewed the policy and plan of preventing risk from corruption, which was in progress, and the application to be a member of the Private Sector Collective Action Coalition against Corruption, CAC.

Opinions : The audit committee acknowledged the risk management activities from the risk management committee and will monitor the progress of the preventing bribery and anti-corruption guidance.

5. To consider, select, nominate, and recommend remuneration of the company's external and internal auditor

The audit committee recommended the Board of Directors to consider and ask for approval to the 2014 annual shareholders meeting to appoint Mrs. Suwimol Krittayakien and/or Ms. Somjintana Pholhirunrat of D.I.A. International Company Limited as company's external auditor of the year 2014. The audit committee also recommended the remuneration of the external audit for the year 2014 in the amount of 1,300,000 Baht (exclusive of the subsidiary company, Save Trade Company Limited, in the amount of 245,000 Baht)

Opinions : The audit committee agreed that the nominated external auditor has satisfactory performance with auditing standard according to the generally accepted accounting principles. Moreover, the external auditor can independently and professionally performs its tasks with full capability, including offering suggestion of internal control system. Therefore, the audit committee considered to propose the nominator to the Board of Directors meeting for the appointment of the company's external auditor at the annual shareholder meeting.

6. To review related transactions or transactions that may lead to conflict of interest

The audit committee acknowledged that company's connected transactions and the guidelines for the related party transactions in the future which is in accordance with general commercial terms and conditions.

The audit committee acknowledged that business practices are in accordance with the guideline and reporting procedure, established by the Board of Directors, regarding the conflict of interest arising from the company's directors and executive officers. These guidelines and reporting procedure are required by the announcement of The Securities and Exchange Commission.

Opinions : The audit committee agreed that the related party transactions were undertaken in compliance with relating laws and regulations of The Securities and Exchange Commission and The Stock Exchange of Thailand, and were reasonable and for the highest benefit of the company.

7. Any Other Business

- To follow up on the progress of actions per audit committee's resolutions
- To conduct self-evaluation of the year 2014 to be presented to the Boards of Directors
- To review disclosed information to the Stock Exchange of Thailand and the Securities and Exchange Commission in the 2014 annual report (form 56-2) and in the attachment of the annual registration statement, ended 31th December 2014 (form 56-1)
- To quarterly report the summary of the audit committee's performance for the year 2014 to the Board of Directors

Thus, the audit committee has performed, within the authorities and responsibility assigned by the Board of Directors, with independence. Opinions were given with the principle of transparency, which could be explained and examined, and with the principle of good corporate governance per the guideline of The Stock Exchange of Thailand.

On behalf of the Audit Committee



Associate Professor. Boonserm Vimuktanandana
Chairman of the Audit Committee

February 26th, 2015



1. Policy and business overview

Thiensurat Public Company Limited or TSR (The Company), originally Thiensurat Company Limited, was founded in 1992, with a registered capital of one million baht. The Company started out as a direct-selling producer and distributor of double-filter countertop water purifiers. The Company continuously develops its products and now has a larger variety of water purifying systems with multi-stage filtration process to offer water that meets quality and safety standards and is useful for consumers. In 2013, the Company was listed as a public company and has been known as Thiensurat Public Company Limited. The Company was listed on the Stock Exchange of Thailand on June 19th, 2014.

Since 1976, or for 38 years thus far, the Company, starting out as Wattanabuth Partnership Limited, has been operating a water purifier sale and distribution business through single-level direct-sales channels. Later, its distribution channels were expanded to outlets of modern trades and other business operators. The company's customer network consists of customers in Bangkok and its vicinity as well as those in big cities in the provinces. To further expand its business, the Company is opening provincial branches across the country to better serve its customers. Moreover, the Company has a subsidiary called Safe Trade International Company Limited that sells water purifiers to a large-scale direct sale business operator.

1.1 Vision and Mission statements

Vision	The Company's vision is to achieve a leading position in the country's direct-selling water purifier business by continuously developing the quality of production, sales, services and human resource to ensure customers' utmost satisfaction.
Mission	<ul style="list-style-type: none">• To develop human resource in preparation for the Company's future growth• To develop quality products to satisfy customers' requirements• To improve productivity to meet international quality standards• To be equipped with efficient information technology system• To provide services that ensure customers' greatest satisfaction• To better standards of living of its employees• To offer sustainable yields to shareholders• To be aware of society and environment• To achieve corporate governance
Value	<p>S (Satisfaction) Satisfaction of customers, employees and the Company</p> <p>A (Adaptation) Continuous adaptation and improvement</p> <p>F (Firm Company) Firm organization with good management</p> <p>E (Excellent Service) Excellence in services, both internally and externally</p>

1.2 Important milestones

- 1976 - In 1976, Mr. Werawat Changyoo, then the head of the Water Quality Test Section, Metropolitan Waterworks Authority, established Wattanabuth Partnership Limited, with a registered capital of 500,000 baht, to provide consultancy on water quality improvement and water quality improvement equipment installation services. The company mainly produced and sold water purifiers for household use.
- The company built its first water purifier factory at 167/2 Soi Thep Phanom, Tiwanon Road, Bang Kraso Sub-district, Muang Nonthaburi District, Nonthaburi Province. (The factory is currently called Factory 2.)

- The factory's first water purifier was the L302 model which was a double-filter countertop water purifier. The "L302" water purifiers were sold by the company's sales representatives, through direct-selling channels across Bangkok and its nearby provinces, to customers at their places.
- 1992 - The company was re-registered as "Thiensurat Public Company Limited" with a registered capital of 1,000,000 baht and set up a water purifier factory (which is now called Factory 1) on a one-rai plot of land, located at 167/4 Soi Thep Phanom, Tiwanon Road, Bang Kraso Sub-district, Muang Nonthaburi District, Nonthaburi Province.
- The Company acquired five units of a commercial building, located at 24/25-28 Samakki Road, Ta Sai Sub-district, Muang Nonthaburi District, Nonthaburi Province, for its first office. Moreover, the Company built its employees an 84-unit apartment on a three-ngan-and-51-square-wa plot of land.
- 1995 - The Company established a subsidiary "Suansawita Company Limited" with a registered capital of 1,000,000 baht. In 1997, the subsidiary was renamed "Safe Mineral Pot Company Limited". Later, it was renamed "Safe Trade International Company Limited" in 1998. The subsidiary was the manufacturer and distributor of the "Safe Mineral Pot" water purifier (currently called "Safe Plus" model) as well as water purifiers and drinking water for a large-scale direct sale business operator.
- 1999 - In late 1999, the Company developed and enhanced the efficiency of its water purifiers to offer a better product to its customers. The company replaced its "L302" double-filter countertop water purifier with "Power 5", a five-filter water purifier model in the "Safe" series, that featured innovative and more efficient filter technology.
- 2000 - The Company's and its subsidiary's production facilities were certified ISO 9001:2000 by BM Trada (Thailand).
- 2009 - The Company's office was relocated to 43/9 Moo 7, Soi Chuchat Anusorn 4, Bang Talad Sub-district, Pakkred District, Nonthaburi Province 11120. The office featured a spacious meeting room capable of accommodating up to 2,000 people.
- 2011 - The Company saw importance of health promotion by drinking mineralized filtered water. The Company, therefore, turned away from "Power 5" water purifier model in the "Safe" series to "Power-Health" water purifier model, which was also in the "Safe" series. The new model, however, featured silver impregnated mineral stone that added beneficial minerals, e.g. magnesium and calcium, to water.
- The Company's water purifier assembly and mineral water production processes were certified ISO 9001:2008 by Moody International Certification Limited.
- The Company acquired the land plot on which the employee's apartment was located from Mr. Werawat Changyoo, the Company's major shareholder, in order to provide the residential building as welfare for the employees. The acquisition price of the land was based on the price estimated by an independent valuer.
- For business restructuring, the Company acquired machinery, equipment and inventories from Better Dreams Company Limited and started to produce all products by itself in 2011. The acquisition price was based on the book value of the assets.
- 2012 - The Company acquired a plot of land, with an approximate size of one rai, opposite to its current head office, to build a car park for its sales representatives.

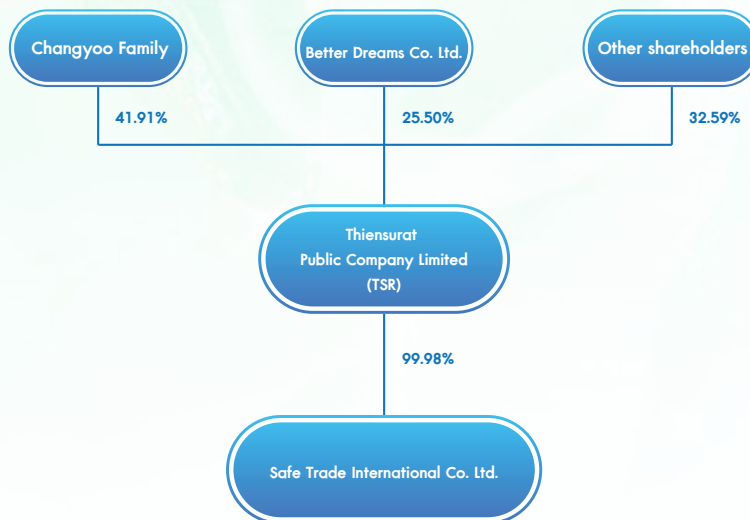


- 2013
- The Company was registered as a public company as Thiensurat Public Company Limited and raised its registered capital to 344 million baht. Out of this amount, 258 million baht was paid-up capital and the remaining 86 million baht was for its initial public offering (IPO). After the IPO, the Company's paid-up capital amounted to 344 million baht.
 - The Company deployed Cisco Contact Center Solutions to enhance its business expansion through customer relation management (CRM). The software streamlined the Company's customer data management and after-sales services, which would enhance its sales of filter media through telesales channels and facilitate the introduction of new products to existing customers.
 - The Company applied for the conformity assessment for licensing to exhibit the Ministry of Industry's Standards Mark on its "UV Plus" water purifier.
 - The Company re-designed its logo to have a more modern and more outstanding look. The new logo is currently undergoing the registration process at the Department of Intellectual Property, the Ministry of Commerce.
 - As its business continuously expanded, the Company acquired a two-rai plot of land to build another car park for its sales representatives and to prepare for a future expansion of its office. Moreover, the Company acquired another nine-rai plot in Pathum Thani Province for its future production capacity expansion.
 - The Company acquired a two-ngan plot of land opposite to its current head office to build another car park for its sales representatives.
- 2014
- The Company acquired two vacant plots of land; i.e. 1) a 300-square-wa plot next to its original site in Pathum Thani Province in preparation for its future production capacity expansion; and 2) a one-rai-and-46-square-wa plot next to its head office to prepare for its business expansion in the future.
 - The Company launched the "Super Alkali" water purifier in the "Safe" series. Developed from the "Power-Health" model in the same series, the new model featured alkali stone filter that mildly alkalized the filtered water for a better balance of chemicals in human body. The Company launched two new products. First, the "Safe Alkaline Mini" water purifier was developed for small-sized families and apartment/condominium residents. Coming in beautiful design and compact size, the model did not strip of natural minerals in the water but also mildly alkalized it. Second, the "Ecomize" water filter jug was also created for small-sized families and apartment/condominium residents.
 - The Company expanded its business regionally by opening one branch in Pitsanulok Province and three sub-branches in Petchaburi, Songkhla and Ubon Ratchathani Provinces. The regional expansion was aimed to promote its sales of water purifiers and filter media and enhance after-sales services. The Company signed an agreement with Siam Daikin Sales Company Limited to be a distributor of Daikin air-conditioners in Bangkok and its nearby provinces in both cash and hire-purchase.
 - The Company signed trade partnership agreements with Origin Property Public Company Limited and OfficeMate Public Company Limited. The cooperation was part of the Company's new business plan to expand its distribution channels.
 - The Company's first day of trading on the Stock Exchange of Thailand was on June 19th, 2014 "TSR"

1.3 Shareholding structure

Overview

Thiensurat Public Company Limited has one subsidiary, Safe Trade International. The Company's shareholding structure, as of December 19, 2014, is as follows.



Products

Company	Flagship products	Paid-up capital (Million Baht)	Business area
Thiensurat Public Company Limited	- Water purifiers - Filter media	344.00	Sale and distribution of water purifiers through single-level direct-sales channels
Safe Trade International Company Limited	- Mineral water purifiers - Water purifiers - Water filtering jugs - Drinking water	4.00 (Par 100.00 Baht)	Sale and distribution of mineral water purifiers, water purifiers, water filtering jug and mineralized drinking water through a large-scale direct sale company

1.4 Major shareholder's relation to the company

Thiensurat Public Company Limited's shareholding structure

Company	Area of business	Size of holding
1) Safe Trade International Company Limited	Sale and distribution of mineral water purifiers, water purifiers, water filtering jugs and mineralized drinking water	99.98%



2. Revenue structure

Thiensurat Public Company Limited and its subsidiary

The Company derives its sales revenues from 2 types as following:

- **Revenues from direct selling:**

The Company primarily derives revenues from sales of water purifiers and filter replacements

- **Revenues from distribution through the other company:**

The Company distributes products through a direct selling company.

The proportion of different types of revenues are tabulated below.

Sales Revenues	Operate by	% of shareholdings	Accounting Year Ended 31 December					
			2012		2013		2014	
			THB Million	%	THB Million	%	THB Million	%
Direct Sales								
- Cash Payment	TSR	100	120.07	12.8	126.49	14.0	136.02	13.6
- Installment Payment	TSR	100	736.35	78.4	687.12	76.2	792.34	79.5
Total Revenue from Direct Sales			856.42	91.1	813.61	90.2	928.36	93.1
Distribution through the Other Companies	SAFE TRADE	100	83.16	8.9	88.68	9.8	68.47	6.9
Total Sales Revenue			939.58	100.0	902.25	100.0	996.83	100.0

2.1 Products and Services

2.1.1 Water Purifier Products of Thiensurat Public Company Limited

(1) The Safe Model: Power 5 (P-5)



The Safe Model: Power 5 was launched in 1999. It has 6 filters, and has been very popular. Nowadays, the company has developed a new water purifier by building on technology from the P-5 model. Hence, the invention of the Safe Model: Power-Health, which currently has the highest sales today. The company is no longer selling the P-5 model.

Filter	Type	Features
1	Pre-Filter	Filters sediments and large suspension. Adjusts the water pressure to the appropriate level.
2	Anthracite Filter Replacement	Filters various types of sediments, and water-insoluble rusty metals.
3	Kdf 55 Filter Replacement	Lowers levels of chlorine and heavy metals. Controls bacteria in water.
4	Silver Impregnated Anthracite Filter Replacement	Filters sediments and water-insoluble rusty metals.
5	Activated Carbon Filter Replacement	Absorbs the taste, odor, color, organic compounds, toxic substances, chlorine, and heavy metals.
6	Silver Impregnated Carbon Filter Replacement	Absorbs the taste, odor, color, and toxic substances. Inhibits bacteria's growth.

- The Water Purifier Products in the present days

(2) The Safe Model: Power-Health (P-Health)



The Safe Model: Power-Health has been developed from the technology that used to develop the P-5 model. A new feature of the P-Health model is the Silver Impregnated Mineral Stone; it is used to increase minerals that are beneficial to the body. The P-Health model is the company's main product today; with the revenue ratio at approximately 76 percent of the company's total revenue in 2013. However in 2014, there is a 13.61% decrease of the revenue ratio of the P-Health model as a result of launching a new Safe Model: Super Alkali.

Distribution channels : E-commerce system, the website: www.safealkaline.com, HomePro, and booth displays at various events.

The Safe Model: Power-Health has 6 filters as follows:

Filter	Type	Features
1	Pre Filter (Protection and Performance Kit)	Filters sediments and large suspension solids from raw water before entering into the water purifier. Adjusts water pressure to appropriate level in order to efficiently purify water.



Filter	Type	Features
2	Silver Impregnated Mineral Stone	Adds minerals that are beneficial to the body such as calcium and magnesium. Adjusts the water pH to a weak base, and also protects and inhibits bacteria's growth.
3	KDF 55 Filter Replacement	Lowers chlorine, and heavy metals. Controls bacteria in water. (certified by NSF International)*.
4 and 5	Activated Carbon I and II Filter Replacement	Absorbs taste, odor, color, organic compounds, toxic substances, chlorine, and heavy metals.
6	Silver Impregnated Activated Carbon Filter Replacement	Absorbs the taste, odor, color, and toxic substances. Inhibits bacteria's growth.

Remark : * NSF International is an independent international organization in the United States. It publishes standards and issues certificates regarding public health, safety, and environmental qualities. Specifically, the standard certification tests, and certifies water products and water production worldwide

(3) The Safe Model: Super Alkali



The Safe Model: Super Alkali has the technology based from the development of the P-Health Model. A new feature of this model is the Alkali Stone that helps adjust the water balance to a weak base, in order to adjust chemical balance in the body. The company has planned to launch the product in Bangkok and surrounding areas, and in other provinces. The company will distribute the Super Alkali model as a main product replacing the P-Health model. The distribution trial started in February 2014.

Distribution channels : E-commerce system, the website: www.safealkaline.com, and the direct-sale marketing of the company.

The Safe Model: Super Alkali has 8 filters as follows:

Filter	Type	Features
1	Pre-Filter (Protection and Performance Kit)	Filters sediments and large suspension solids from raw water before entering into a water purifier. Adjusts water pressure to appropriate level in order to efficiently purify water.
2	Silver Impregnated Mineral Stone	Adds minerals that are beneficial to the body such as Calcium and Magnesium. Adjusts the water pH to a weak base, and also protects and inhibits bacteria's growth.
3	Alkaline Mineral Stone	Adjusts the water pH to a weak base (pH 7.5-8.5). Adjusts the chemical balance in the body.
4	KDF 55 Filter Replacement	Lowers levels of chlorine and heavy metals. Controls bacterial in water.
5 and 6	Activated Carbon I and II Filter Replacement	Absorbs taste, odor, color, organic compounds, toxic substances, chlorine, and heavy metals.
7	Silver Impregnated Activated Carbon Filter Replacement	Absorbs the taste, odor, color, and toxic substance. Inhibits bacteria's growth.
8	Silver Impregnated Post-Filter	Filters residuum in the last step, and also inhibits bacteria's growth in water.

(4) The Compact water purifier model: Safe Alkaline Mini



A water purifier developed to meet consumer demand; for small families, residents in apartments, and residents in condominiums. The key features are the design, the beauty, the compact size, and the convenient to use. The distribution trial started in the middle of 2014.

Distribution channels : E-commerce system, the website: www.safealkaline.com, HomePro, and booth displays from various events.



The Safe Model: Super Alkali has 8 filters as follows:

Filter	Type	Features
1	Alkaline Mineral Stone	Made from natural mineral stones through special production process. Adjust the pH value in water to a weak base which enhances chemical balance in the body.
2	Silver Impregnated PP Filter	The first step of filter; filtering various sediments and large suspension. Can be taken apart and is easily washable.
3	KDF 55 Filter Replacement	Certified by NSF International: USA. The newest technology from the United States that filters chemicals, insecticides, chlorine, and heavy metals. Reduces water sludge, bacteria, and other pathogens that cause diseases.
4	Activated Carbon I and II Filter Replacement	High-quality Activated Carbon filter replacement; it absorbs taste, odor, color, organic compounds, toxic substances, chlorine, and heavy metals.
5	Silver Impregnated Activated Carbon Filter Replacement	Absorbs the test, odor, color, and toxic substances. Inhibits bacteria's growth.

(5) The water Purifier Pitcher Model: Ecomize



A water purifier pitcher developed to meet consumer demand; for small families, residents in apartments, and residents in condominiums. The distribution trial started in the middle of 2014.

Distribution channels : E-commerce system, the website: www.safealkaline.com, and booth displays from various events.

The water purifier pitcher has 5 filters as follows:

Filter	Type	Features
1	Alkaline Mineral Stone	Made from natural mineral stones through special production process. Adjust the pH value to a weak base, and also gives essential minerals to the body.
2	Fiber Filter	Designed to eliminate dust, sediments, and other suspended solids.
3	KDF 55 Filter Replacement	Certified by NSF International: USA. The newest technology from the United States that filters chemicals, insecticides, chlorine, and heavy metals. Reduces water sludge, bacteria, and other pathogens that cause diseases.
4	High Absorption Power Carbon Filter Replacement	Filters taste, odor, color, organic compounds, and various contaminated residues in the water; including chlorine, heavy metals, agricultural chemicals, industrial chemicals, and household chemicals.
5	Silver Impregnated Activated Carbon Filter Replacement (SIAC)	High quality absorption of the SIAC filter replacement according to the standard of the U.S. Food Chemicals Codex. Eliminates contaminants in the water, and efficiently inhibits bacteria's growth in water.

- The water purifiers that are ready to launch in 2015.

(6) The Safe Model: RO Mineral Plus



RO (Reverse Osmosis) is a water purifier system that highly purifies water. It uses a membrane filter, with a high resolution of 0.0001 micron, to eliminate all contaminants. Then, the minerals, that are beneficial to water, are added through the natural mineral stones.

Distribution channels : E-commerce system, the website: www.safealkaline.com, HomePro, and booth displays from various events.



The Safe Model: RO Mineral Plus has 7 filters as follows:

Filter	Type	Features
1	Pre Filter (Protection and Performance Kit)	Filters sediments and large suspension solids from raw water before entering into the water purifier. Adjusts water pressure to an appropriate level in order to efficiently purify the water.
2	Polypropylene Filter (PP)	The fine filter that filters dust, and small debris that may come off from the filter replacement in order to enhance water purity.
3 and 4	Activated Carbon I and II Filter Replacement	Filters taste, odor, color, organic compounds, toxic substances, chlorine, and heavy metals.
5	RO Membrane Filter	A high resolution of 0.0001 micron membrane filter; it eliminates all the contaminants and pathogens which purify the water.
6	Alkaline Mineral Stone Filter and Silver Impregnated Activated Carbon	Adjusts the purified water to a weak base to benefit drinking. Adds essential minerals to water such as calcium and magnesium.
7	Post Carbon Filter	The last filtration step of any leftover residue for maximum confidence.

(7) The Safe Model: UV Plus



It adds the feature of Ultraviolet (UV), enhancing the effectiveness of disinfection with the UV light, and with 6 power modes in balancing chemical in the body for a better health.

Distribution channels : E-commerce system, the website: www.safealkaline.com, HomePro, and booth displays from various events.

It has 9 filters as follows:

Filter	Type	Features
1	Pre-Filter	The first step to filter various sediments and large suspension. This filter can be taken apart and is easily washable.
2	Alkaline Mineral Stone I	Made from natural mineral stone through a special process. Increases the water pH to a weak base, and provides essential minerals that the body needs.
3	Granular Activated Carbon I Filter Replacement	Activated Carbon filter replacement with high absorbance quality. Filters odor, color, taste, organic compounds, and other contaminated residues in water; including chlorine, heavy metals, agricultural chemicals, industrial chemicals, and household chemicals.
4	KDF 55 Filter Replacement	Certified by technology from the United States. It filters chemicals, insecticides, chlorine, and heavy metals. Reduces water sludge, bacteria, and other pathogens that cause diseases.
5	Alkaline Mineral Stone II	Made from natural mineral stone through special process. Increases the water pH to a weak base, and provided essential minerals that the body needs.
6	Granular Activated Carbon II Filter Replacement	Granular Activated Carbon II filter replacement enhances the effectiveness of filtering odor, color, taste, organic compounds, and other contaminants in water; including chlorine, heavy metals, agriculture chemicals, industrial chemicals, and household chemicals.
7	Silver Impregnated Activated Carbon Filter Replacement (SIAC)	Silver Impregnated Activated Carbon filter replacement with high absorbance quality eliminates various contaminants in water. It especially protects and inhibits the bacteria's growth in water.
8	Polypropylene Fiber Filter (PP)	The fine filter that filters dust, and small debris that may come off from the filter replacement in order to enhance water purity.
9	Ultra-Violet Purifier, UV	Disinfects all the pathogens in the water in the very last step in order to obtain the clean and safe water for consumers.



(8) Safe Model: Alkaline Plus



This water purifier can purify alkaline water with the ability to prevent serious disease such as heart disease, and cancer. The purified water adjusts the chemical balance in the body. Better purified water is basic water or powerful alkaline water that will result in good health and longevity.

Distribution channels : E-commerce system, and the website: www.safealkaline.com

It has 8 filters as follows:

Filter	Type	Features
1	Pre-Filter (Certified by NSF 61)	10 micron PP filter helps to filter sediments and large suspension solids from the raw water before the liquid enters the purifying system. This protects the filter, and also easily washable.
2	Activated Carbon I Filter Replacement (Certified by NSF 61)	A high quality imported filter that purifies the taste, odor, and color of the water. Removes organic compounds as well as contaminants such as chlorine, heavy metals, agricultural chemicals, industrial chemicals, and household chemicals.
3	KDF 55 Filter Replacement (Certified by NSF 42, 61)	The newest filter replacement technology that filters chemicals such as chlorine and heavy metals. Reduces sludge formation and bacteria.
4	Alkaline Mineral Stone Filter Replacement	Made from natural mineral stone through special process. Adjusts the water PH to a weak base (PH 8-8.5) which adjusts the chemical balance in the body.
5	Activated Carbon II Filter	-
6	Silver Impregnated Activated Carbon Filter (U.S. Food Chemical Codex Standard)	An imported high-quality Silver Impregnated Activated Carbon filter replacement that protects and inhibits bacteria in water.
7	Silver Impregnated PP Filter	Traps small-size dust, and sediments. Inhibits bacteria's growth in order to enhance the water cleanliness and purity.
8	Magnetic Power	Adjusts the purified water to smaller molecules of water (Small Cluster); it benefits efficiency by bringing nutrients into body cells.

(9) The Safe Model: Alkaline Deluxe



It is easy to use, and no electricity is needed. A beautiful model that is suitable for all areas. It is portable because there is no need for pipes or electricity because of

Distribution channels : E-commerce system, and the website: www.safealkaline.com

It has 5 filters as follows:

Filter	Type	Features
1	Fiber Filter	Filters dust, sediments, and other suspension solids.
2	Alkaline Mineral Stone	Adjusts the water pH to a weak base for health benefits.
3	KDF-55 Filter Replacement	The newest filter replacement technology that filters chemicals, chlorine, insecticides, and heavy metals. Reduces sludge formation and bacteria.
4	Granular Activated Carbon Filter Replacement	Absorbs and filters color, odor, taste, and organic compounds.
5	Silver Impregnated Activated Carbon Filter Replacement	High quality absorption of the SIAC filter replacement according to the standard of the U.S. Food Chemicals Codex. Eliminates various contaminants, and inhibits bacteria's growth.



(10) The Safe ROMA Model: Alkaline Plus



An effective water purifier which increases minerals through the Reverse Osmosis filtering system. It is the purest water purifier on the market today (RO Membrane's resolution is as high as 0.0001 Micron). It eliminates contaminants in water including pathogens at 99.99%. It can be used with tap water, brackish water, or groundwater that has already received pre-treatment. The tank can contains 7 liters; it qualifies to assist in retaining and reserving water in case of no tap water, or when the tap water has no pressure. Moreover, it adds essential natural minerals that benefit the body such as calcium and magnesium through the Natural Mineral Stone filter replacement.

Distribution channels : E-commerce system, the website: www.safealkaline.com, and the direct sale marketing of the company.

It has 6 filters as follows:

Filter	Type	Features
1	CERAMIC PRE-FILTER	A set to protect and enhance filtration with a high efficiency and good quality ceramic filters. Filters suspension solids, algae, rust, sludge, dusts, and contaminants including the turbidity of raw water prior to entering the purifier machine. This effectively extends the life cycle of other types of filter replacement in the water purifier.
2	ACTIVATED CARBON I	High-quality carbon filter imported from foreign countries; purifies taste, odor, and color. Removes organic substances, and contaminants in the water; including chlorine, heavy metals, agricultural chemicals, industrial chemicals, and household chemicals.
3	ACTIVATED CARBON II	High quality activated carbon filter replacement imported from foreign countries; a second layer purification.
4	RO MEMBRANE	(Certified by NSF 58) The filter solution is as high as 0.0001 micron, which can filter contaminants such as viruses and bacteria.
5	SILVER IMPREGNATED MINERAL STONE and ALKALINE MINERAL STONE	Enhances minerals that are beneficial to the body namely calcium and magnesium. Adjusts water to a weak base. Protects and inhibits bacteria's growth.
6	POST CARBON	(Certified by NSF 42) It has the ability to get rid of undesired odor, color, and taste. Reduces the hardness of the water, and makes the water tastes better.

2.1.2 The products of Safe Trade International Company Limited.

The water purifier product was invented specially for a big direct-sale company; this company is the employer as well as the customer for the many recent years.

(1) The Safe Model: Extra Pure

The Safe Model: Extra Pure is a wall unit water purifier. The filter of this model is developed from the Safe Model: Power 5, with new features as follows:

- PP fiber: filters small-size dust and sludge that may come off from the filter replacement in order to enhance the water cleanliness.
- Special UV-Purifier: Ultraviolet light effectively kills pathogens that come with water.
- Magnetic system: adjusts the filtered water to smaller molecules of water; it benefits efficiency by bringing nutrients into body cells.
- ARBG system (Anti-Reverse Bacterial Growth): the system that protects the bacteria from reverse back into the water pipe, this enhances water cleanliness after filtration for the maximum safety with confidence.

Later in October 2012, the company has developed the Safe model: Extra Pure New, in order to replace the Extra Pure model. In the present days, the company has stopped distributing the Extra Pure model but still distributing filters and parts for consumers who need the replacement.

(2) The Safe Model: Extra Pure New

The Safe Model: Extra Pure New is a water purifier that was developed from the Extra Pure model. Its main features is similar to the Extra Pure model but with higher efficiency. It can filter raw water that is turbidity, because the tank water in the provinces may have high turbidity values, by adding an easily washable ceramic filter. Moreover, it strengthens the durability and longevity of the Ultraviolet system.



(3) The Mineral Productions Machine Model: Safe Plus (GSP)

The Mineral Productions Machine is suitable to be placed on a table. The beneficial features are the mineral stone, the high absorption power carbon filter replacement, and the Silver Impregnated Activated Carbon filter replacement; which filters toxins in water, adjusts the water pH to a weak base suitable for the body, and increases minerals that benefit the bodies along with eliminating bacteria and pathogens in water.

(4) The Mineral Productions Machine Model: Grand Plus

The Grand Plus model is an improvement from the Safe Plus model. It re-sizes the machine to a bigger size suitable for medium to large families. It consists of more amounts of Activated Carbon filter replacement to enhance the effectiveness of filtration two times more powerful than the old model. The Ceramic Ball filter replacement along with natural mineral stone increases minerals that benefit health namely calcium, magnesium, zinc, and selenium.



(5) The water Purifier Pitcher Model: Safe Purimag

A portable water purifier in the form of a water purifier pitcher; provides customer convenience as it can be used both indoors and outdoors. It is easily taken care off, yet still maintaining all the filtration cleanliness efficiency.



2.1.3 Other products

Nowadays, the company produces other products besides the water purifiers and also other filter replacements. They are household electrical appliances such as televisions, refrigerators, ovens, washing machines, and air conditioners. The last quarter of 2014, the company negotiated a business deal and joined Siam Daikin Sales Company Limited; hence, the company becomes a sale representative for the air conditioners under the brand “Daikin” in Bangkok and vicinity areas. The company sells in both forms of cash and instalments.

2.2 Market and Competition

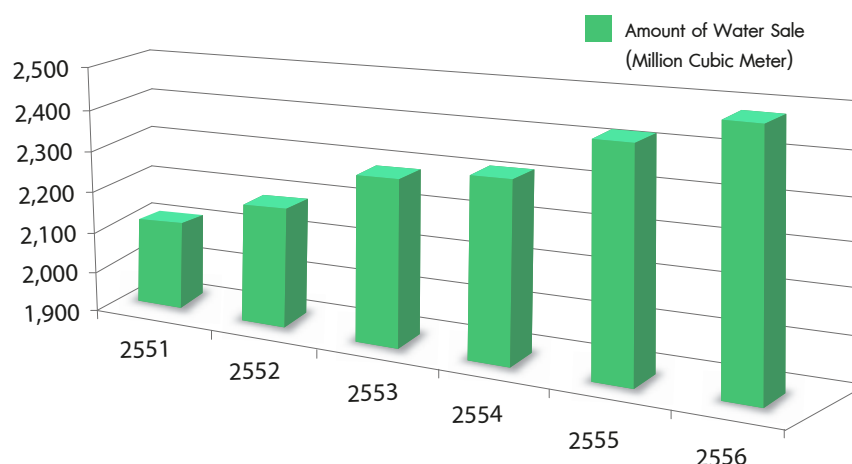
2.2.1 Industrial Conditions

There are a number of manufacturers and distributors of household water purifier products. As a result of low initial capital investment and production costs for this industry, which does not require sophisticated technology for the production, the market for such products is also highly competitive. Nevertheless, to produce highly efficient products, the manufacturer must dedicate time for water purification research and increase investment allocation for the development of technology.

According to the assessment conducted by the management of the Company, it estimates 5,500 Million Baht was the market value of the industry of water purification systems for home in 2013. The majority of consumers, who install a water purification system, uses a water filter for household consumption. The industry of home water purification systems or products is likely to witness the continual growth in consistent direction with the growth of home water supply consumption and the expansion of households in Thailand.

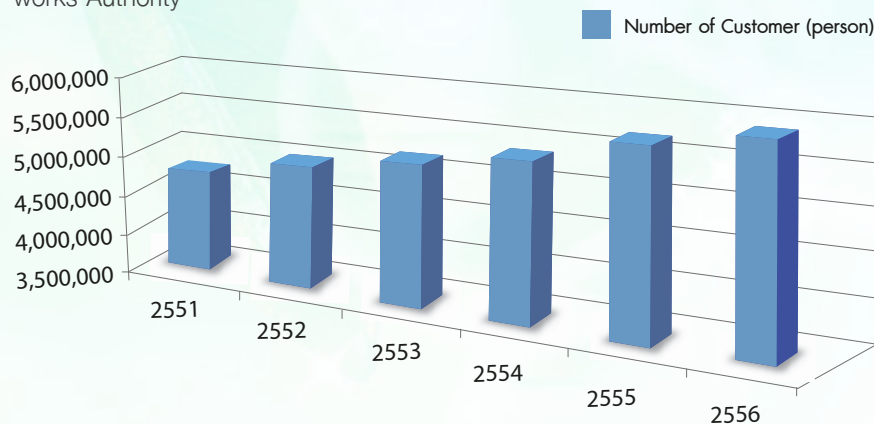
The growth of water supply consumption can be determined by the number of people using water supply of the Metropolitan Waterworks Authority (MWA) and the Provincial Waterworks Authority (PWA). During 2008 – 2013, the average growth is 4.06 per year. This includes water supply sales from the MWA and the PWA during 2008-2013 with the growth rate of 3.30 percent per year, as shown in Figure 2-1 and 2-2 below.

Figure 2-1 : Water Sales of Metropolitan Waterworks Authority and the Provincial Waterworks Authority



Source : Metropolitan Waterworks Authority and the Provincial Waterworks Authority

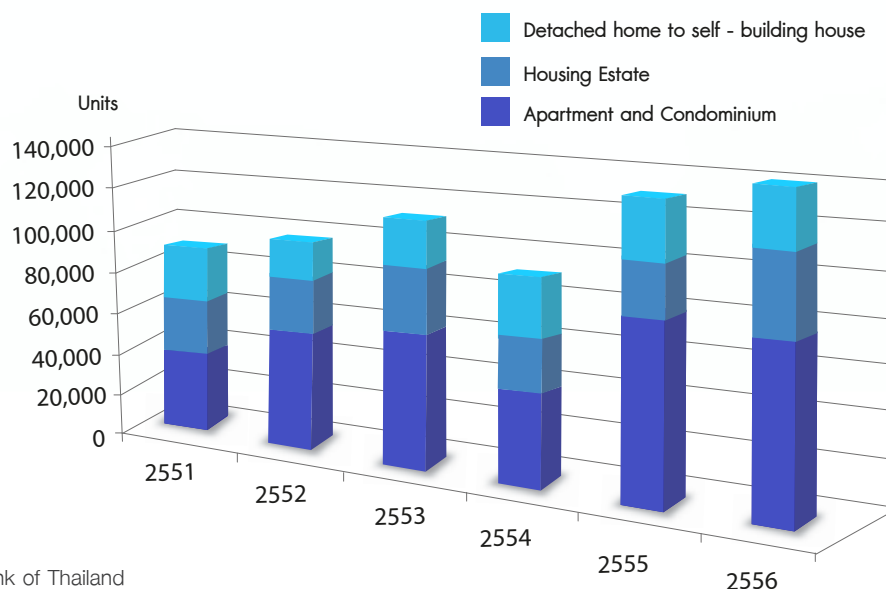
Figure 2-2 : Number of Water Supply Customers of Metropolitan Waterworks Authority and the Provincial Water works Authority



Source : Metropolitan Waterworks Authority and the Provincial Waterworks Authority

Today, younger generations are likely to separate from their larger family to live in condominiums and townhouse close to work because the proximity is more convenient. As a result, there is a continual growth of new housing, which contributes to a positive impact on the industry of water purification systems for home. A total number of new housing in Bangkok Metropolis and vicinity during 2008 – 2013 is 626,261 units and it counts as the growth of 9 percent per year.

Figure 2-3 : New Housing in Bangkok Metropolis and Vicinity (unit)



Source : Bank of Thailand

Furthermore, the industry of water purification systems for home sees the positive behaviors of consumers, who take care of their own and their family's health and wellness. Behaviors of consumers are shifting towards the health consciousness. Such consumers are likely to shop or spend more money for the health care. In addition, water purification systems for home require continuous maintenance. To ensure water treatment system is performing effectively, a periodic replacement of the filter is required. This allows the manufacturers to be able to sell their water filters continuously. It also offers an opportunity to sell new products, which their efficiencies have been increased to meet the consumers' need of better health care.



2.2.2 Market overview of water purification systems for home

Market of water purification systems for home can be categorized in 2 main segments as follows:

(1) General water purification systems: It is a market where there are a number of interested stakeholders. The products are mainly produced by small producers or imported from China. The competition focuses primarily on pricing strategy. The products, manufactured by this type of manufacturers, are similar product patterns. Such manufacturers do not necessarily place its importance in technology and development research to improve product quality. Therefore, consumers do not adhere to the brand of the products because the quality is similar. In general, the manufacturers distribute these products through department stores and distributors in general supplies stores.

(2) High technology water purification systems: It is a market where consumers have a strong interest in health and quality of water from purification systems. The manufacturers in this market, therefore, place the importance in offering efficient water filtration products through continuous research and technology development. The manufacturers in this category merchandise their products via direct sale channel or distribute the products through their branches or appointed distributors. Due to the complexity of these products, it requires further explanation on specifications of products which will be provided by well-trained sales staff. The salespersons will also develop and maintain brand loyalty among target customers.

The Company is one of the few domestic manufacturers that use high technology filters. Knowledge and expertise, gained through continuous research and development to improve the water quality, as well as long established direct sale experience have contributed the Company's success. As a result, it is ranked as one of the top three in the country for the best direct sales manufacturer and distributor of water purification systems for home. Based on estimation made by the management, the market

2.2.3 Competitive Environment

2.2.3.1 Competition Conditions

The current state of competition in the market of water purification systems for home tends to be fiercely competitive due to increasing number of large and small competitors from inside and outside the country to compete in the market. This prompts existing entrepreneurs to adapt to the competitive market. Nevertheless the rapid expansion of various types of housing together with the growing number of water supply consumers throughout the country as well as healthy living habits as a changing trend of consumer behavior continues to be a positive factor contributing to the increased demand for home water purification systems. The company has product positioning explicitly to the market for high technology water purification systems. The Company also offers designing and manufacturing services under its own manufacturers in order to produce customized filters that are suitable with water quality in each area. In addition, the Company is able to control the quality and cost of the products effectively. The continuous product development and innovation as well as appropriate pricing have led the Company to remain well competitive in the market.

2.2.3.2 Competitor Analysis

There are more than 10 main domestic and international entrepreneurs in the market of high technology water purification systems. There are both manufacturers and distributors as well as entrepreneurs who are importers and distributors or entrepreneurs who are only distributors. Each entrepreneur has different strategies and presentations of the products. This include pricing strategy, quality of the products and customer service. Large foreign enterprises tend to merchandise via multi-level marketing (MLM) while domestic enterprises tend to merchandise through its own established branches or appointed distributors. In addition, distribution via internet is also among

preferred channels for small domestic enterprises. The Company is a manufacturer and distributor of water purifier products. It offers water purifier products under its own brand. The Company mainly merchandizes its products via a single level direct sales to customers by the Company's salespersons who have extensive knowledge on the Company's products. The Company also increases its merchandized channels to meet the consumers' needs. The Company has cooperated with one of the leading multi-level marketing companies to manufacture and distribute the Company's water purification products. This is another distributing channels through the network of the MLM Company.

2.2.4 Marketing strategy

The key marketing strategy of the Company is a single-level-direct-sale marketing. The salespersons offer to sell the products directly to the target customers in their residences. This is to allocate sufficient time for salespersons to explain the specifications of the products. It's noted that customers tend to make their purchase decisions after demonstrations and testing of product specifications. Such behavior matches with the Company's single-level-direct-sale marketing. Furthermore, this strategy will help to establish the relationship between the Company and customers and enable long-term customer service.

The Company recognizes salespeople are a crucial part to increase the Company's sales. Therefore, the Company places its importance in capacity building and training. This include allocation of appropriate commission and other welfare as incentives to fully motivate the sales team. In addition, the Company sees the importance of risk distribution strategy. In order to adapt to a competition in the future, the Company increases its distribution channels including additional public relation activities through media advertisements. With increased distribution channels, the Company is able to expand to the new market beyond its current target customers.

Apart from its primary channel of direct distribution, the other distribution channel includes non-direct sales, for example, sales through housing estates and villages as well as additional distributions in other provinces in Thailand. Furthermore, the Company sees the opportunity in the emerging ASEAN Economic Community (AEC), which will expand the market of water purification products of the Company in the future. Through the Company's consumer awareness campaign on television, which is Company's main public relations tool, consumers will be aware of the Company's brand and will realize the importance of clean and uncontaminated water, which has significant impact on the long-term health. The television campaigns will include tips on how to use water purification products properly.

2.2.4.1 Target customers

The company's target customers are middle-income groups in urban areas both in Bangkok and the regions of Thailand. The customers can be categorized based on family characteristics into two subgroups as follows:

- **Extended family :** A traditional Thai society is an extended family society, where several generations live together. Therefore, a large amount of water is consumed each day. In the past, consumers used simple techniques for treating water at home, by using cloth filter or boiling. Today, an awareness of health linked to safe drinking water has increased. As a result, the demand for water purifier products has seen a potential growth. They have become increasingly popular for extended-family customers, the company's key clients, because they are notably more effective, convenient and faster water filtration system compared to traditional methods.



- **Single family :** Today, younger generations with higher education are likely to live in condominiums and townhouse close to work because the proximity to public transport such as BTS Skytrain is convenient. The company visualizes an opportunity in these emerging trends. Therefore it seeks to develop and tailor its products to meet the unique needs of the middle- to upper-middle-income groups of these customers, who constantly focus on their better health and wellness.

2.2.4.2 **Competitive Strategies**

The Company has competitive strategies to promote long-term sales as follows:

- ***Building good customer relationships through salesperson:***

The single level direct sales strategy places importance in building good relationships between customers and salespersons in order to create opportunities to sell in a long-term. The Company emphasizes the importance for salespersons to treat customers professionally and to provide clear and sufficient information with regard to the products and their specifications. With this in mind, salespersons can offer suitable choices for customers as well as are able to impress customers. The Company will provide training and seminar courses continuously to increase the capacity of its employees.

- ***Expanding distribution channels and marketplace:***

The Company continually increases its distribution capacity through telesales & telemarketing. The Company utilizes the Customer Relation Management (CRM) in its business operation. Not only managing cost of sales, the CRM can also increase revenue by using information from existing customer database which contains information of 1 million customers throughout the country with low capital investment. It can also add new products to the group of existing customers through the non-direct sake channel. The Company began selling its filtration via telesales together with its single level direct sales distribution through salespersons since 2013.

- ***Focusing on selling the Company's best products:***

The Company has expertise and is well-established in manufacturing and distributing water purifier products. The Company has the policy to expand its market of water purifier products in Bangkok and other regions of Thailand continually. According to the past experience, the Company found that the emphasis on selling the Company's fewer types but best products will increase commitment to sell. Therefore the Company places its great importance for its salespersons to focus mainly on selling water purifier products.

- ***Allocating appropriate commission and allowances to salespersons:***

One of important factors of successful direct sale business is a highly competent sales team. The Company considers appropriate commission fees to qualified salesperson as incentives to motivate and retain the qualified salespersons in a longer term. The commission fees will be based on the number of items sold. On the other hand, if the customers fail to perform their payment obligations. The Company shall deduct the commission fee based on the level of damage. In addition, the Company will promote qualified salespersons to higher positions in the Company to receive higher salary.

- **Operational risk control and management system:**

The Company realizes that without a good operational risk control and management system, the Company may face a financial problem in a longer-term. With this in mind, the Company established the credit department to determine the quality of the customers and to operate by collecting money from customers. The staff members of the credit department shall visit every customer according to information received from the sale department in order to send payment bills to customers in accordance with a due date as well as to provide customer service, including listening to customers' problems in using products and propose solutions to customers. As of 31 December 2014, there are 165 staff members in the credit department. In addition, the Company established the credit collection and legal departments to follow up with the customers.

- **Product Development Research:**

The Company has the department of product development research which serves to research and innovate the Company's new products. This includes water purifiers or filters which increase the quality of the water developed purifiers or filters continuously. In order to make different and superior products. It also prepares to solve the problem of water quality in different areas in the country. Furthermore, the department aims to innovate and develop new products to filtrate low quality or contaminated water into drinkable water suitable for consumption. The sources of low quality water remain scattered in many areas of the country. In addition, the Company has also developed smaller size of products to accommodate single-family customers who live in condominium or apartment.

- **Increased number of salespersons to stimulate sales:**

The Company targets to increase a number of salespersons by 20% each year. The Company encourages its salespersons to invite their potential friends to join the Company. Incentives including accommodation welfare and allowance will be allocated to new employees and increased salary, welfare and car etc. for old employees. This includes good working environment.

- **Training and motivation of salespersons:**

to develop knowledge, skills and motivation of salespersons who are the Company's key personnel of the Company, the Company will arrange training courses in several periods, such as daily, weekly, monthly and annual basis.

2.2.5. Sales Channels

2.2.5.1. Single Level Direct Sales

Based on a primary assessment, there are two major sales channels of household water purifiers with direct sales accounting for 70% and retail representing 30%* of industry sales. The company will opt for Single Level Direct Sales as the main sales channel of the product. We believe that such channel will enable our salespersons to clearly present the product features and build a good relationship with the target customers in order to create an opportunity for future sales of other company's products. The number of direct salespersons of the company and subsidiary as of 31st December 2014 totals 482 persons. Most of them are based at the main office in Non thaburi province with sales coverage in Bangkok and the surrounding provinces. Moreover, groups of salespersons work in other provinces in 6 main branches and 8 service centers to promote and support the sales of water purifiers and filter replacement as well as to provide after-sales service in the regions as follows:



6 Regional Branches	Region Northeast	Roi Et Branch Located at 426 Moo 23 Nuea Mueang, Mueang District, Roi Et province. Udonthani Branch Located 392/20 Moo 5 Banluem, Mueang District, Udonthani Province.
	Region South	Nakhon Si Thammarat Branch Located at 1/52 ,1/54 Wandeekositkulporn Road, Mueang District, Nakhon Si Thammarat Province.
	Region Upper North	Chiang Mai Branch Located at 204/3-4 Moo 5 Hang Dong District, Chiang Mai Province.
	Region Lower North	Phitsanulok Branch Located at 1191/11-12 Barommatrailokanart 2 Road, Nai Mueang, Mueang District, Phitsanulok Province.
	Region East	Chachoengsao Branch Located at 967– 967/1 Thepkunakorn Road, Na Mueang, Mueang District, Chachoengsao Province.
8 Subbranches (Service Centers)	Region Northeast	Nakhon Ratchasima Branch Located at 1/11 Soi. Mittraphap 13 Mittraphap Road, Mueang District, Nakhonratchasima Province. Ubon Ratchathani Branch Located at 171/6 Moo 2 Rai Noi, Muang District, Ubon Ratchathani Province Khon Kaen Branch Located at 333/72 Moo 6 Nai Muang, Muang District, Khon Kaen Province.
	Region Central	Phetchaburi Branch Located at 179/12 Moo 3 Banmor, Muang District, Phetchaburi Province. Lopburi Branch Located at 218/1 Naresuan Road, Mueang District, Lopburi Province.
	Region Lower North	Nakhon Sawan Branch Located at 1102/86 Moo 10 Nakhon Sawan Tok, Mueang District, Nakhon Sawan Province.
	Region East	Chonburi Branch Located at 128/32 Moo 11 Nongkham, Sriracha District, Chonburi Province.
	Region South	Songkhla Branch Located at 136/10 Moo 8 Tha Chang, Bang Klum District, Songkhla Province.

In the company's direct sales, commission which a salesperson will get varies with sales volume and paid on a biweekly basis. In addition, the company offers other types of incentives to salespersons in order to boost sales volume as appropriate both in the short- and long-term which include:

- 1) Rewards to boost daily sales
- 2) Quarterly sales bonus

3) Travel package decided by annual sales volume

International travel package paid by the company will be awarded to salespersons who reach the target volume.

Source : * Information from Thansettakij Newspaper Volume 2, 671, 18th -21st September 2011 Water Purifier Industry

2.2.5.2. Telesales & Telemarketing

The company has developed a capacity in telesales & telemarketing by applying the modern Customer Relation Management (CRM) program. CRM has been applied since August 2013 in filter replacement sales while face-to-face sales continues as usual. As of 31 December 2014, the number of coaxial cable added up to 46. Company officers will make direct calls to the target customers who previously purchased water purifiers from the company with good repayment record to inform about prices and special offers. Interested customers will be asked to provide contact details by which a team will be sent in for a setup and payment. Customer Relations Officers also receive orders of other products, which the company put in the brochure for the Credit Division to distribute to the group of customers with good repayment record. Such sales channel will contribute to a more effective cost management.

2.2.5.3. Sales of Products through Other Companies

Subsidiary sell water purifiers, mineral water makers and large water filter jugs to big direct sales companies. Subsidiary have been trusted to make outright selling through these companies since June 1999 up to the present as a result of various factors such as continuous research for new technologies, quality standard of products, on-time delivery, after-sales service, training for network members and good relationship with customers.

2.3 Product and Service Supply

(A) Manufacture

At present, the company has 4 water purifier manufacturing factories.

- Factory 1 manufactures Safe water purifiers including Super Alkaline, Extra Pure Alkaline, Mini, UV Plus models
- Factory 2 manufacture parts for Factory 1.
- Factory 3 manufacture one filter replacement for Factory 1.
- Factory 4 manufactures Safe ROMA water purifiers, Safe Plus Alkaline mineral water makers and water filter jugs.

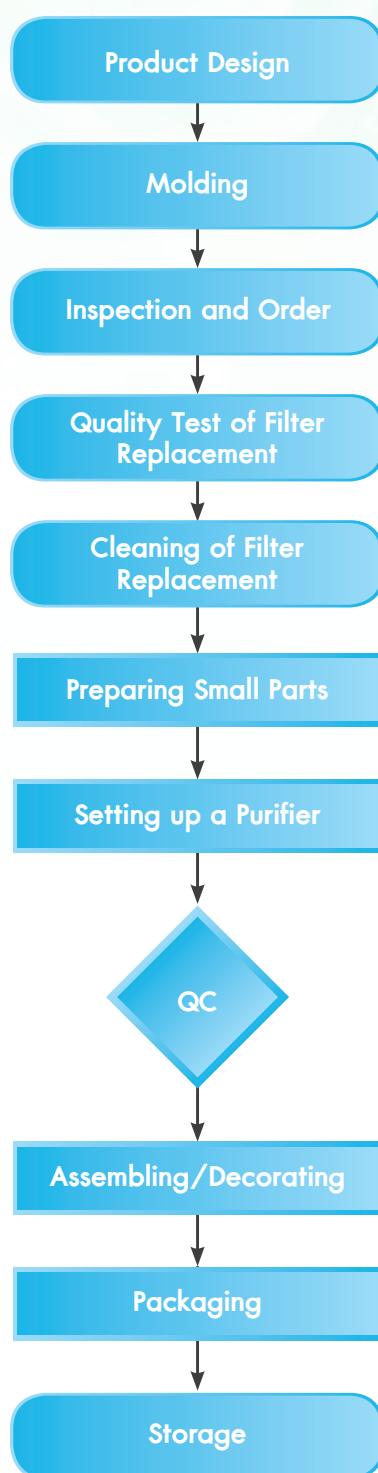
All 4 factories have a capacity to manufacture on average 15,000-30,000 water purifiers and 8,000 mineral water makers each month. At the moment, 70% of manufacturing capacity is utilised in 8 working hours.



(B) Workflow of the Company

1.) Below is a concise illustration of the company's water purifier manufacturing processes.

The company's water purifiers manufacturing processes



- **Water Purifier Design :**

Carried out by Research and Development Division with direct expertise in designing water purifiers by taking into account the water filter efficiency, convenience and elegance

- **Moulding :**

After the design process, the company will send the plan to a moulding company. The Research Division will inspect moulds of several parts at the mould factory and supervise various details according to the plan.

- **Selection of Materials, Components and Filter Replacement :**

Materials and Components Selected Food Grade materials are durable, appropriate to the product image and safe for drinking water. The company sends the moulds only to experienced contractors to create different parts of the purifiers, and who also comply with the standards of water purifier plastic injection moulding.

Water Replacement Water replacements of national and international standards are selected. Iodine number test is conducted in a laboratory on a regular basis. Specimens are sent to external agencies annually to examine the quality. Materials are inspected upon delivery. The company aims for suppliers who meet the standards in order to obtain the highest-quality materials for the company's water purifiers.

In every manufacturing process, the company has produced a standards manual. The manual demonstrates a clear procedure to standardize the manufacture of the company's products in accordance with ISO 9001:2000 and ISO 9001:2008 certifications. The company has a clear production plan in line with sales volume and number of products in stock to prevent product scarcity or oversupply. Besides, the company conducts a post-production examination of the product to comply with the company's standards.

No	Step(s)	Description(s)
1	Withdrawal of Merchandise by Employee	Driver makes a withdrawal of merchandise from a warehouse. A warehouse employee takes care of the withdrawal and the returning of merchandize after the sale every day.
2	An Employee present details / customer makes decision to buy	<ul style="list-style-type: none"> • A sales representative contacts a customer at his home or his residential area to provide details about the benefits of water and a water purifier; including demonstration of how to use the company's products to the customer. • When the customer is interested in buying the merchandize, the employee will ask for the customer's basic information for initial assessment and offers choices of cash payments. The customer can either pay in full amount or pay in instalments. • A team leader evaluates a customer's capability to repay debts. Once the instalment contract is approved, the customer signs the contract and receives the purchased merchandize. • A driver installs the water purifier as well as tests the system. The company has a quality control on credit loans policy for customers who choose to pay with instalments as follows:



No	Step(s)	Description(s)
		<ul style="list-style-type: none"> o The company has a policy that a sales representative must preform preliminary screening of the customer. For example, the customer must have proof of residency and proof of minimum income that exceeds the company's criterion. o A sales representative team leader will make the assessment to a customer's credit again before letting the customer sign the instalment contract. o A credit officer checks for proof of identity; by collecting the first payment and assesses the financial status as well as checking the customer's ability to pay the bills as another way of proof. o There are penalties for releasing poor-quality credit loans; among are reclaiming the commission along with collecting a fine. The fine will be issued upon the employee all the way to the manager of said employee as stated in the company's rules and regulations. o A bonus is paid based on percentage of sale quality each quarter.
3	The operating department reviews the documents	A Team leader and/or an assigned employee sends the documents to the operating department for accuracy and completeness. The operating department will review sale documents daily; including, instalment contracts, receipts, number of remaining water purifiers, and the total cash that is sent to the financial department.
4	The first instalment	<ul style="list-style-type: none"> • A customer pays the first instalment to a sales representative team leader, and receives a receipt as a proof of payment. • The sales department turns in the first instalment and the relating documents to the operating department in order to prepare for the customers' account in the company's database. <p>Note: The company collects a reserve fund from the sales staff as stated in the company's rules and regulations in order to prevent fraud, by deducting it from fortnightly revenue.</p> <ul style="list-style-type: none"> • In a case where a customer chooses instalment payment and has already paid the first instalment; the operation department will prepare for an instalment card and sends it to the credit department to review the customer's information. • If a customer fails to pay the first instalment, the company has the following regulations to follow: <ul style="list-style-type: none"> o No commission of the product will be paid to the sales team. o Uninstalls water purifier from a customer's residence, keeps it in a warehouse ("Uninstalled goods"), and separates it from the remaining merchandise. The company performs a quality check on the uninstalled goods. The uninstalled goods that are in excellent condition will be maintained, cleaned and sold as Grade B products to employees in other departments (except the sales department). The uninstalled goods that do not pass the quality check or have marks will be taken apart in order to sell as parts.

No	Step(s)	Description(s)
		<ul style="list-style-type: none"> o The entire sales team will be fined except the driver as stated in the company's rules and regulations. The company will collect the fine from the sales team's next commission. The details are as follows: <ul style="list-style-type: none"> • <u>If a water purifier is retrievable from a customer's resident</u> : The sales team will be fined for a total of 400 baht. • <u>If a water purified is irretrievable from a customer's residence</u> : The sales team will be fined a total of 3,375 baht. <p>In the case of irretrievable water purifiers from a customer's home, the matter will be sent to the Credit Collection Department in order to collect debts, and the Operation Department will send out a collection letter to the customer and consider taking appropriate legal action.</p>
5	Verify/Evaluate credit	The Credit Department meets a customer according to the address given in the contract to verify the credit and proof of identity as stated in the credit operation manual.
6	Calculation of benefits for the sale team	<ul style="list-style-type: none"> • A Sales team consists of 1) A Department Manager A Sales Manager 3) An Assistant Sales Manager 4) A Supervisor 5) A Team Leader 6) A Sales Representative and 7) A driver • The main benefits the sales team receives are: 1) Salary 2) Commission 3) Bonus and 4) Others; such as monetary gifts. <ul style="list-style-type: none"> o <u>Salary</u> : The company pays salary to the sales representatives at the rate specified in the sale fortnightly. Other employees namely Department Manager, Sales Manager, Assistant Sales Manager, Supervisor, Team Leader, and Driver are paid monthly. <u>Note</u> : * According to the company's policy, the salary for a sales representative will be called "Wage" in which the sales representative receives a daily wage according to number of days he or she works, and according to the amount of sales as set by the company's goal. o <u>Commission</u>: The company fortnightly pays a commission rate to all the levels of sales team; considering the amount of merchandise sold. The payment is paid within the following fortnightly payroll, after collecting the first instalment from the customer. The details are as follows: <ul style="list-style-type: none"> • If a customer pays the first instalment and passes the evaluation by the Credit Department, the Operation Department will calculate the commission for the each level of the sales team. • If a customer fails to pay the first instalment, the company will hold off the commission and fine the sales team (Details as mention in Step 4).



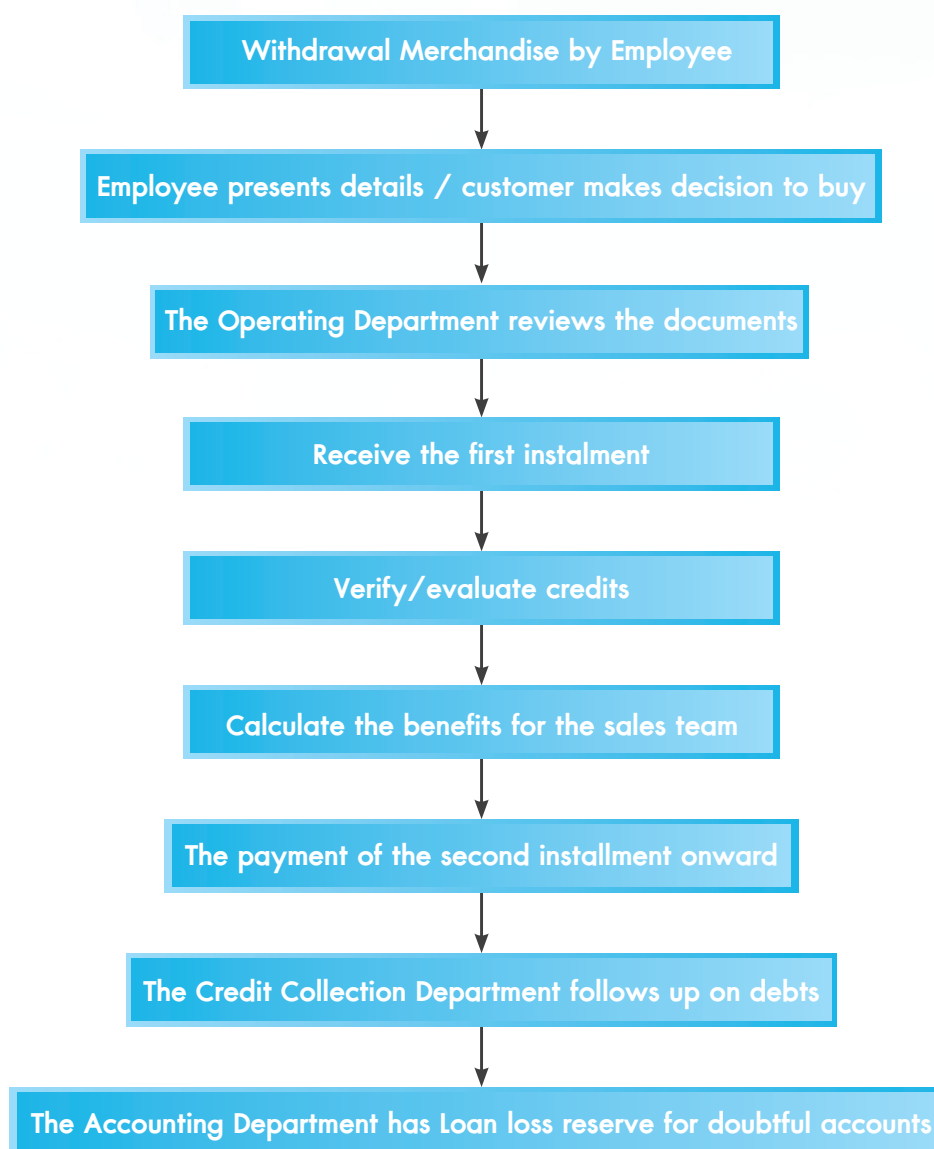
No	Step(s)	Description(s)
		<ul style="list-style-type: none"> • In the case of customer failing to pay the instalments starting from the second bill period with the total outstanding debts of 2 – 3 periods, the company will reclaim the commission from the entire sales team at all levels as stated on the company's rules and regulations via deducting the employees' following payroll. • The company calculates employees' benefits through 2 systems which are: 1) Computer, and 2) Manual. The company is in the process of developing computer software to reduce workload through the manual system. <p>o Bonus: The company pays bonuses to the sales team at a given rate; considering a number of factors such as total sales, customers' qualities, and seniority. The bonus is calculated every 6 fortnightly (Quarter or 3 months) and pays the bonus within the second following fortnightly.</p> <p>o Assisted cost of living allowance: A new sales representative who just starts working for the company will receive an assisted cost of living allowance as stated in the company's rules and regulations. The details are as follows:</p> <ul style="list-style-type: none"> • <u>A new sales representative with no experience</u> : An employee has the right to receive a wage of 300 baht a day; paying 200 baht a day and the rest of 100 baht will be combined with the commission and paid fortnightly, if working with a sales team leader until the following fortnightly payroll day. The company will assist the cost of living for a maximum of 60 days • <u>A new sales representative with experience</u> : An employee has the right to receive a wage of 500 baht a day; paying 300 baht a day and the rest of 200 baht will be combined with the commission and paid fortnightly. The company will assist the cost of living for a maximum of 30 days.
7	The payment of the second installment onward	<ul style="list-style-type: none"> • The Credit Department collects an installment from a customer at the address listed in the contract. If the Credit Officer collects an installment within Bangkok and vicinity areas, he will bring the money to the company the following day. However, if the Credit Officer is unable to go to the company headquarters or he collects the payment from another place outside Bangkok and in the vicinity areas, he will transfer the money through the payment channels the company has provided. For example, transferring money through the bank or counter services.

No	Step(s)	Description(s)																		
		<p><u>Note</u> : The company will collect the reserved money from a Credit Officer as stated in the company's rules and regulations. The company keeps the reserved money to prevent damage in case of fraud. The first part of the reserved money will be collected on the first day the employees start working, the second part will be deducted from their monthly salary.</p>																		
8	The Credit Collection Department follows up on debts	<p>If the Credit Department cannot collect the debts for 2 to 3 installments, the following procedures are taken as follows:</p> <ul style="list-style-type: none"> • The Credit Department will send the documents to the Sales Department; thus a sales representative, who sold the merchandise to the customer, along with the Credit Collection Department can begin following up with the customer's installments or the removal of a water purifier. • The Credit Collection Department is the agency that follows up and collects debts. If a customer cannot pay the installments, then the water purifier will be taken away from his/her residency. • The company reclaims commission from all sales team members as stated in the company's rules and regulations, by deducting from the employees' following payroll. • The Operating Department will send a collection notice to a customer who has overdue debts for at least 2 installments, and may consider taking appropriate legal action. 																		
9	Accounting																			
9.1	Allowance for doubtful accounts	<p>The Company has set up allowance for doubtful accounts policy as follows:</p> <ul style="list-style-type: none"> • Accounts receivable sale by cash and credit terms: the Company has set up the allowance for doubtful accounts from uncollectible debts at 100% for accounts receivable overdue more than 30 days. • Hire purchase receivables: in 2014, the Company has revised the allowance for doubtful accounts of hire purchase receivables as follows: <table> <tr> <th>Overdue installments</th><th>Allowance*</th><th>Realized interest under hire purchase</th></tr> <tr> <td>Normal receivable</td><td>1%</td><td>Recognizes</td></tr> <tr> <td>Overdue 1 installment</td><td>6%</td><td>Recognizes</td></tr> <tr> <td>Overdue 2 installments</td><td>30%</td><td>Recognizes</td></tr> <tr> <td>Overdue 3 installments</td><td>50%</td><td>Recognizes</td></tr> <tr> <td>Overdue exceeding 3 instalments</td><td>100%</td><td>Stop recognize</td></tr> </table> <p><u>Note</u> : * Allowance for doubtful accounts</p> <p>The Company will send a warning notice (legal notice) to debtors twice. Later the Company will record bad debts by reversing allowance for doubtful accounts and outstanding receivables of those overdue debts prior to write-off consideration.</p>	Overdue installments	Allowance*	Realized interest under hire purchase	Normal receivable	1%	Recognizes	Overdue 1 installment	6%	Recognizes	Overdue 2 installments	30%	Recognizes	Overdue 3 installments	50%	Recognizes	Overdue exceeding 3 instalments	100%	Stop recognize
Overdue installments	Allowance*	Realized interest under hire purchase																		
Normal receivable	1%	Recognizes																		
Overdue 1 installment	6%	Recognizes																		
Overdue 2 installments	30%	Recognizes																		
Overdue 3 installments	50%	Recognizes																		
Overdue exceeding 3 instalments	100%	Stop recognize																		

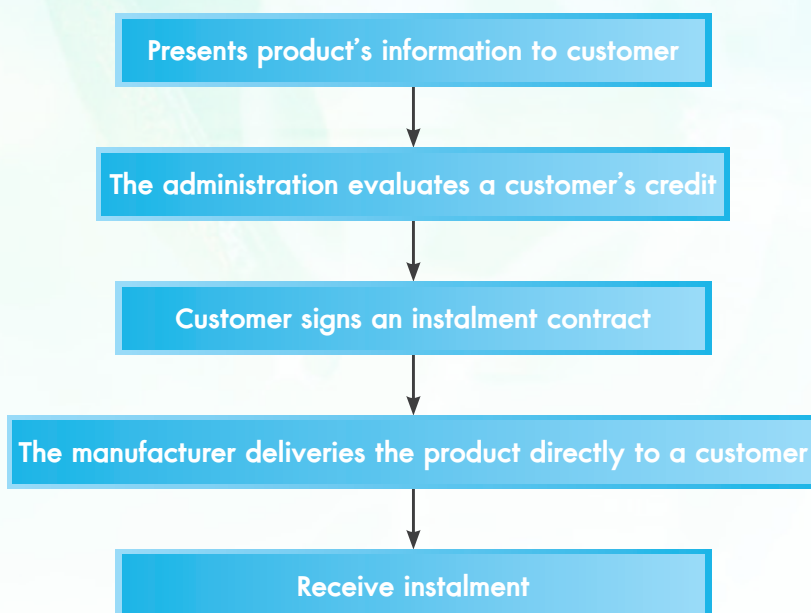


No	Step(s)	Description(s)
9.2	Allowance for return products reserve in accordance with customer satisfaction guarantee policy	The company has a customer satisfaction guaranteed policy; a customer can return the merchandise within 30 days from the installed date. Thus the company has started the allowance for return products reserve since 2013, based on the return product statistic in the past. Today, the company has the allowance for return products reserve at 1.36 percent of the product sales. On 31st December 2014, the company set a value of the allowance for return products reserve to 0.88 Million baht.
9.3	Allowance for changing/ fixing products reserve in accordance with customer satisfaction guarantee policy	The company has a change and/or fix product for customer policy in accordance with customer satisfaction guarantee policy within 2 years since the installation date. On the 31st December 2014, the company estimated the allowance for changing/fixing products reserve to be 3.08 million baht.

2.) Operating procedure, Loan Processing Service, Receiving Installments from Water Purifier



3.) Operating procedure, Distribution procedure for other products.



No	Step(s)	Descriptions
1	Presents product's information to customer	The Credit Department verifies information from the system in order to find the lists of customers who have good credit history, contacts and presents the information to the customers along with the product brochure.
2	The administration evaluates a customer's credit	If a customer makes a decision to buy, the Credit Department will send the customer's information to the administration to verify the customer's credit.
3	Customer signs an instalment contract	Once a customer pass the credit evaluation, the administration will send the above information to the Credit Department in order to prepare for a contract, and the customer will sign the agreement contract.
4	The manufacturer deliveries the product directly to a customer	The company notifies the manufacturer to directly deliver a product to customer.
5	Receive instalment	The Credit Department takes care of a customer's instalment.

4.) The Supply of Raw Materials

4.1) The Raw Material in Production

The important raw material for making a water purifier is the housing structure of the water purifier and the plastic filter replacement. The company designs the products and hires another company to inject the filter replacement part (Carbon). The company buys a majority of the raw materials through several domestic distributors, yet there are some parts which are imported from foreign countries. For example, the company bought the Activated Carbon filter replacement from a sales representative in Thailand. However, some filter



replacements such as the Silver Impregnated Carbon are mainly imported from foreign countries because there are no current sales representatives in Thailand. The company has a policy to reserve the raw material for production no less than 15 – 20 days depending on each raw material's period of production process.

4.2) Sales Representatives

The company has a sales representative recruiting process; by selecting applicants who are reliable and love selling. The company is open to all applications both those who are interested and referrals from current employees. After the selection process, the company will train and educate the new employees on products; including the training on building sales skills, understanding of the psychology of sales, along with publishing the sales instruction manual for everyone to use as a guideline. On 31st December 2014, the company and its branches total number of sales representatives are 482. Thus, the Sales Department and the Marketing Department has put together a seminar and an activity every quarter; given awards to the sales staff whose sales exceeds the company's goals in order to inspire the sales staff to commit to the sale, and support them to work for the company in the long run.

(C) The Environmental Impact of the Manufacturing Process.

Environmental Management and Safety.

Environmental Management.

The company rules and regulations in case of reclaiming the merchandise from a customer, or taking back the old merchandise from a customer, or taking in the production waste namely plastic and filter replacement. For filters, the company has identified and separated filters with good quality and bad quality. The good quality filter replacements will be enhanced and ensured for quality before selling them to some industrial water purifier manufacturers. The bad quality filter replacements will go through the foamed concrete block production process for domestic use. In addition, the company will check the quality of waste water as to abide by the Ministry of Industry's standards.

Safety and Security Management

The safety of employees is a key factor in which the company has always emphasized. Putting together safety procedures in a work instruction manual so the employees can abide by giving out personal safety equipment that is suitable to each employee's duty. In addition, the company has organized a safety committee in the work place according to the standard of the labor law. Nevertheless, the company has not had any serious accidents throughout the entire production process.

2.4 An unassigned work

-None-

3. Risk Factors

The risk factors discussed in this report are only some major factors that may have negative impacts on the Company. These risk factors may also have a significant impact on the investment in the Company. There may be some other unpredictable factors and some insignificant factors, which may also have an impact on the Company's operation in the future.

3.1 Business Operating Risks

3.1.1 Risks in regard to changes in state regulations

Although the sales and distribution of water purifiers have not been controlled by any particular state agencies thus far, some agencies indirectly involve in the Company's business. The Office of Consumer Protection Board, for instance, has a duty to prevent hire purchasing service providers from taking advantages over consumers. In addition, the Ministry of Commerce has imposed a law to control the direct sale business, requesting all direct sellers to obtain a particular license before launching their direct sale business. Another relevant state agency is Ministry of Industry, which oversees the extension of a license to operate industrial factories. The Company always takes the rules and regulations set by relevant state agencies seriously. However, it will be rather risky for the Company if relevant agencies add more stringent rules and regulations. Being aware of this risk, the Company thus sets operation guidelines to suit the current state rules and regulations. Meanwhile, the Company always monitors updates on any changes of relevant rules and regulations in order to ensure that the Company's business is operated in compliance with state rules and regulations.

3.1.2 Risks in regard to heavy dependency on the direct sales channel

The Company distributes its products mostly through the single level direct sales channel, with direct sales teams approaching the major customer targets. The sales revenue generated by this sale channel accounted for 95 percent of the total revenue. With its long expertise in the single level direct sales method, the Company strongly believes that this sale channel remains an appropriate channel. To sell water purifiers, sales personnel are required to provide clear technical explanations in detail about product specifications. They also have to highlight outstanding and unique qualities (vs. rivals' products) in order to stimulate customers' buying decisions and ensure that the sale is successfully closed. As this business requires good presentation and marketing skills, highly-skilled sales personnel are in great demand and operators compete to attract the talented ones. To keep its outstanding sales personnel, the Company is committed to offering attractive remuneration packages and benefits as well as training in order to enhance the sales teams' efficiency. In 2012 – 2014, the ratio of new employees to the resigned ones stood at 79.4 percent, 105.4 percent and 67.21 percent, respectively. The figures are rather high given the fact that the Company has a policy to enhance the employees' efficiency and focus on recruitment of highly efficient sales personnel. Also, the Company tries to attract those highly efficient sales members to stay with the Company in the long term. As of 31 December 2014, the Company's sales and marketing members totaled 486 people, sufficient for the Company's business operation.

However, having kept in mind of possible negative impacts of the single level direct sales channel, the Company has attempted to add more sale channels under the name "new sale channels" in order to broaden its target customer coverage. Moreover, the Company has also added more varieties of distribution channels including the modern trade, telesales & telemarketing, E-commerce and online media. Furthermore, the Company has also appointed sales representatives and business partners to present products and services, covering all target customer groups. Finally, there are also other sale method, e.g., producing and distribution on an OEM basis for other direct sales operators.



3.1.3 Risks in regard to trade liberalization and the emergence of ASEAN Economics Community that may have a negative impact on sales and production costs

The trade liberalization and the emergence of ASEAN Economics Community (AEC) in 2015 will result in relocations of funding resources, manpower, and international trades among the member countries. As a result, there might be some low-cost products from other countries to beat Thai products. Also, the Company's customers may decide to relocate their production bases to other countries where raw material costs are lower. If this is the case, the Company's revenue may decline.

Therefore, the Company has planned to expand its distribution channels and create more varieties of products to meet customers' demand and reach more customer targets. Moreover, the Company also has a plan to expand to overseas markets, including AEC member countries after studying relevant factors and marketing possibilities.

3.2 Production Risks

3.2.1 Risks in regard to fluctuation in raw material prices

The manufacturing of a water purifier requires varieties of components and devices, both for the body and filtration substances. Some items can be produced domestically but some have to be imported by major importers. The prices of material and equipment vary according to market prices and exchange ranges for the case of imported items. The Company may be partially impacted by the fluctuation in material and equipment prices. However, given the Company's close relationship with raw material suppliers, reasonable prices and conditions are offered to the Company. In addition, gaining information about the future price trends from the major suppliers, the Company can effectively manage to plan the advance purchase of raw material items. Furthermore, the Company's wide gross profit margin can provide a cushion against possible risks in regard to heavy fluctuation of raw material prices and exchange rates.

3.2.2 Risks in regard to the operating license

One of the Company's plants is located in an orange zone, i.e., a densely populated area. The plant received an operating license on 10 October 2007, under the condition that the license will be revoked anytime whenever relevant agencies lodge a complaint or the plant causes any troubles to the community. As the license will expire on 31 December 2016, there is a risk that it may not be extended. However, the Company's management is confident that the license will be extended because the Company has neither been given any significant warning by any relevant agencies nor complained by residents in the area. Meanwhile, the Company constructed a new plant on its land at Bangkradee Sub-district, Mueng District, Pathumthani. Note that no license is required for this new plant. (Further details can be obtained from the 56-1 Form, Part I: Section IV: Assets for business operation).

3.3 Financial Risks

3.3.1 Risks in regard to the sale on credit

The Company's water purifiers are sold mostly through the direct sale channel on a hire purchase basis. The quality of hire purchase receivables is a key factor for the recognition of revenue. As of 31 December 2012, the hire purchase receivables with outstanding balance overdue three months onwards accounted for 8.62 percent of the total value of hire purchase receivables. The figure decreased to 3.98 percent and 4.04 percent as of 31 December 2013 and 31 December 2014, respectively. At present, the Company focuses on using the direct selling approach with targeted customers in the low-end market segment. While, the Company has loosened sales policies in order to enable those

low-end customers to reach the its products and services, the Company has strict policies to review and control debts. In terms of overdue receivables, the Company set allowances for doubtful accounts at a sufficient level, taking into account the history data of bad debts. In case a receivable has outstanding balance overdue more than three months, the Company will stop recognizing the full amount of interest income from that particular hire purchase account before taking legal actions. In light of this, the Company will send two collection letters before writing off the account. Given that the Company's gross profit margin was rather wide at approximately 80 percent, from 2012 to 2014, the Company still enjoyed impressive operating profit from installment sales even after the deduction of sales expenses and bad debt and doubtful debt expenses. In 2012, 2013 and 2014, the profit from the direct installment sales accounted for 27.0 percent, 29.3 percent and 29.8 percent, respectively.

Measures to prevent and reduce risks in case receivables fail to follow payment conditions and agreements stated in the hire purchase contracts are as follows:

- Clearly indicate basic qualifications of targeted customers so that the sales teams can use as a guideline; sales teams preliminarily approve the qualifications of potential customers and team leaders review the qualifications once again before the hire purchase contract is inked.
- The credit department examines the quality of receivables: the credit department meets with customers in order to inspect whether to product is completely installed and proceeds with the repayment collection afterwards. The credit department also assesses the customers' creditability, determining whether each customer will be able to settle in installment payment. The actual debt collection rate reported by the credit department stood at 93.7 percent, 94.0 percent and 93.70 percent, respectively, in 2012, 2013 and 2014.
- Offer bonuses to sales members based on the quality of debt collection on a quarterly basis.
- In case of bad debts, sales members and the management of the sales department have to take responsibility of the damages; commission fees received from the next sales period will be returned as a compensation for the bad debts, according to the Company's rules about bad debts.
- In case a hire purchase receivable fails to follow the conditions stated in the hire purchase contract, the Company will proceed with the collection actions by the debt collection department or the legal department. In addition, the Company will remove the water purifier from that particular receivable. Returned water purifier that remain in good conditions will be sent for upgrading at the plant and resold at cheap prices to the Company's employees, except the sales personnel. Meanwhile, incomplete items will be scraped and sold as plastic parts. The remaining parts are used for value additions, e.g., carbon retroactivation, and resold to customers who use middle - quality filtration substances. The remaining parts are also used as raw material for production of lightweight bricks.
- In 2014, the Company fine-tuned the policy on allowance for doubtful accounts. For the receivables with undue outstanding balance, the Company set aside the allowance at 1 percent. In addition, the Company also adjusted the allowance policy for doubtful accounts for the receivables with undue outstanding balance and overdue for 1-3 months in accordance with the current economic situation and to maintain conservative views under the general accounting standard.

Given the aforementioned policy, in 2012, 2013 and 2014, the net interest spread stood at Baht 47.20 million, Baht 58.33 million and Baht 67.20 million, accounting for 40.6 percent, 53.0 percent, and 52.30 percent, respectively. The fact that the net interest spread sustained high reflects that the interest rate on the installment sales is sufficient to



cover costs and risks, as well as boosting the Company's profit at a satisfactory level.

Net interest margin	Ending 31 December					
	2012		2013		2014	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Realized interest income from hire purchase contracts	116.14	100.0	110.06	100.0	128.42	100.0
Funding cost	(16.02)	(13.8)	(13.51)	(12.3)	(6.51)	(5.1)
Gross interest margin	100.12	86.2	96.56	87.7	121.91	94.9
Minus bad debts and doubtful debts	(71.57)	(61.6)	(59.61)	(54.2)	(81.53)	(63.5)
Add returned commission fees	16.62	14.3	19.21	17.5	23.77	18.5
Add returned bad debts	2.03	1.7	2.17	2.0	3.04	2.4
Net interest margin	47.20	40.6	58.33	53.0	67.20	52.3

Note : The interest margin is the variance between interest income from installment sales contracts and the funding costs, under the assumption that all short-term loans are disbursed only to fund the installment sales transactions. Note that the installment sales transactions contain risk about debt defaults for which the Company gets some compensation from deducting commission fees from the sales personnel who takes care of the bad debt case. Note that Company managed to collect debts from some receivables.

3.3.2 in regard to the fluctuation in the interest rates

The Company took out short-term and long-term loans from financial institutions to fund its business operation. As of 31 December 2014, the Company's outstanding short-term loan amounted to Baht 21.26 million and the outstanding long-term loan stood at Baht 80.56 million. Given that all loans came with floating interest rates, the Company may encounter risks in regard to the fluctuation in the interest rate; this may result in higher funding costs and thus have a negative impact on the Company's operation. Note, however, that the Company used some proceeds from the IPO for loan guarantee, significantly reducing the loan interest rate. Should the Company need some funding, the Company shall be able to seek funding from some methods in accordance with the economic environment.

3.4. Risks that may have impacts on the right or the investment of shareholders

Risks in regard to the fact that the major shareholders have control power over management policies.

The Changyoo family is the Company's major shareholder group (further details can be obtained from the information about the securities and shareholders). As of 19 December 2014, the Changyoo family held total shares of 231,900,000 shares, accounting for 67.41 percent of the total sold shares. As a result, the Changyoo family is able to control almost all resolutions of shareholders' meeting, including the appointment of directors or any matters that require the majority votes of shareholders. The power of the major shareholder, however, does not include the issues related to laws or regulations, for which three-fourths of the shareholders are required. Given the control power of the major shareholder, other shareholders are unable to gain votes enough to balance the power of the major shareholder group for some particular issues proposed by the major shareholder. Being aware of this risk factor, the Company arranges the management structure, consisting of the Company's Boards of Directors, Management Committee, and the Audit Committee. The members of these committees are those with very high experiences. Three, out of nine, are independent directors from outside. All three independent directors act as the members of the Audit Committee. These members provide comments in regard to connected transactions before proposing to the Company's Board of Directors and shareholders' meeting.

4. General Information and The other Information

4.1 General Information

Name of the issuer	:	THIENSURAT PUBLIC COMPANY LIMITED (TSR)
Registration	:	0107556000213
Business type	:	Production and Distributor the strainer.
Listing Securities	:	No. of common shares: 344,000,000 (Par value per share: 1 Baht) Total value: 344 Million Baht (As of December 31, 2014)
Ownership	:	Detail as the article 1.3 "Shareholders Structure of the company's group"

Head Office	:	43/9, Moo 7, Soi Chuchat Arnusorn 4, Bang Talad Sub-District, Pakkred District, Nonthaburi 11120 Tel.: 0-2819-8899 Office Tel.: 0-2819-8888 Customer Service Fax: 0-2962-6951-3 Website: www.thiensurat.co.th
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Investor Relationship Department	:	Telephone number 0-2819-8899 ext. 536 and 118 E-mail address : IR@thiensurat.co.th
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Reference

Registrar	:	Thailand Securities Depository Company Limited 4 th Fl, The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klongtoey, Bangkok 10110 Telephone number 0-2229-2888 Fax number 0-2229-2800
Auditor for Year 2014	:	Mrs. Suvimol Krittayakiern, CPA, Registration Number: 2982 Ms. Somjintana Ponhirunrat CPA, Registration Number: 5599 D I A International Audit Company Limited 316/32 Sukhumvit 22 Road (Soi Sainumthip) Klongtoey Bangkok 10110 Tel. 0-259-5300-2 02-3325126-9 0-2332-5126-9



4.2 The other Information

4.2.1 Water Purifier Production Contract

Safe Trade International Company Limited, the company's subsidiary, earns from manufacturing products for a major direct selling company. The contract has the following agreements and conditions.

Contract Title	:	Water Purifier Production Contract
First Party	:	A major direct selling company (the "Employer")
Second Party	:	Safe Trade International Company Limited (the "Manufacturer")
Contract Date	:	1 January 2012
Contract Period	:	3 years (1 January 2012 - 22 December 2014) The contract period may be extended if it be overdue.
Manufacturer's Responsibilities	:	The Manufacturer agrees to produce water purifiers and accessories for the Employer.
Payment Methods	:	<p>The prices per unit that included taxes, fees and other relevant expenses were agreed by the parties.</p> <ul style="list-style-type: none"> - Products for outright sale as the 1st product list: the products "Safe Purimag Model" (water filtering jug) and Extra Pure Model (water purifier) etc., are delivered to the employer by the manufacturer without charging the employer for delivery costs. The payment deadline for the prices of the products is 45 days after the sale volumes of the products are summarized and the manufacture provides the invoices verified by the employer. - Products for outright sale as the 2nd product list: only water purifiers and Safe Plus Model (mineral water purifier) are delivered to the employer without charging the employer for delivery costs. The payment deadline for the prices of the products is 7 days after the sale volumes of the products are summarized and the manufacture provides the invoices verified by the employer.
Condition (s)	:	The Manufacturer agrees to solely manufacture the products for the Employer. The Manufacturer shall not produce and market similar products in the direct selling market system or conduct a business that competes with the Employer.

4.2.2 Magnesium Water Distribution Contract

Contract Title	:	Distribution Contract
First Party	:	Ideal Water Company Limited (the “Principle”)
Second Party	:	Safe Trade International Company Limited (the “Agent”)
Contract Date	:	1 January 2014
Contract Period	:	One year (1 January 2014 – 31 December 2014) The contract period may be extended as agreed by the parties.
Condition (s)	:	The Principle appointed the Agent as the distribution agent for the product, Magnesium Water.

4.2.3 Distribution Contract for Power II Faucet Tap Water Purifier and Filter Media

Contract Title	:	Distribution Contract
First Party	:	Thiensurat Public Company Limited (the “Principle”)
Second Party	:	Better Dreams Company Limited (the “Agent”)
Contract Date	:	1 January 2014
Contract Period	:	One year (1 January 2014 – 31 December 2014) The contract period may be extended as agreed by the parties.
Condition (s)	:	The Principle appointed the Agent as the distribution agent for the products, Power II Faucet Tap Water Purifier and Filter Media.



5. Listing Securities and Shareholding Structure

5.1 Listing Securities

On March 12th, 2013, the company had increased the capital from amount 233,000,000 shares to be amount 344,000,000 shares (par value per share: 1 Baht) which paid up amount 258,000,000 shares.

After the initial public offering on June 16th, 2014, the company had increased the capital amount 86,000,000 shares, the total capital paid up amount 344,000,000 shares (par value per share: 1 Baht).

As of December 31st, 2014 the company had amount of common shares: 344,000,000 (Par value per share: 1 Baht) total value: 344 Million Baht.

5.2 Shareholders

As of December 19th, 2014. The shareholders of the Company, including the shareholders concerned as of section 258 of the Securities Exchange Act of 2535. and shareholders who are under the authority control as the following;

No	Shareholder	Paid Capital 344,000,000 Baht	
		Amount of shares (shares)	Holding portion (%)
*1	Batter Dreams Co., Ltd	87,720,000	25.50
*2	Mr. Werawat Changyoo	71,815,100	20.88
*3	Ms. Theinvanee Changyoo	22,893,700	6.66
*4	Ms. Savita Changyoo	21,241,200	6.17
*5	Mr. Ekarat Changyoo	20,430,000	5.94
6	Mr. Monchai Leesirikun	12,370,000	3.60
7	Mr. Theera Deesawad	7,209,900	2.10
*8	Mrs. Kanittha Changyoo	4,000,000	1.16
9	Mr. Surapon Sudhom	3,965,400	1.15
*10	Mr. Asawin Changyoo	3,800,000	1.10
Total the 10 shareholders		255,445,300	74.26
Other		88,554,700	25.74
Total		344,000,000	100.00

Remark : * Detail of the Changyoo Group's holding as the following ;

Changyoo Group :

1.1 Changyoo's Family

No	Shareholder	Amount of shares (shares)	Holding portion (%)
1	Mr. Werawat Changyoo	71,815,100	20.88%.
2	Mrs. Kanittha Changyoo	4,000,000	1.16%
3	Mr. Asawin Changyoo	3,800,000	1.10%
4	Ms. Theinvanee Changyoo	22,893,700	6.66%
5	Ms. Savita Changyoo	21,241,200	6.17%
6	Mr. Ekarat Changyoo	20,430,000	5.94%
7	Batter Dreams Co., Ltd	87,720,000	25.50%
Total		231,900,00	67.41%

1.2 Sirisab's Family and Watcharatum's Family

No	Shareholder	Amount of shares (shares)	Holding portion (%)
1	Mr. Watcharin Watcharatham	1,500,000	0.44%
2	Mr. Watcharachai Watcharatham	200,000	0.06%
3	Mr. Chinoros Sirisab	2,191,200	0.64%
Total		3,891,200	1.13%

Better Dreams Co., Ltd. is the listed company as the civil and commercial of Thailand on May 18th, 2004 which is the import business about "Thermoplast" product. The company's address is 160, 162, 164 Samakey Road, Tha Sai District, Amphor Mueang Nonthaburi, Nonthaburi Province. as the name of shareholder following:

No	Shareholder	As of April 28, 2014	
		Amount of shares (shares)	Holding portion (%)
1	Mr. Werawat Changyoo	530,200	66.93
2	Ms. Theinvanee Changyoo	88,250	11.14
3	Ms. Savita Changyoo	77,150	9.74
4	Mr. Ekarat Changyoo	71,600	9.04
5	Mrs. Kanittha Changyoo	25,000	3.16
Total		792,200	100.00



6. Policy of Dividend Payment

The Company and subsidiary have dividend payment policy at least 40 percent of net profits deducted with corporate income tax and legal reserves can be paid out and considered from the company's separate financial statement. Annual dividends must be approved in shareholders' meetings, while interim dividends can be approved by the board of directors and reported in the next shareholders' meeting.

However, the company and subsidiary may select to pay out dividends at the rate lower than stipulated or omit the dividend payout depending on economic situations as well as the company's and subsidiary's operating results, financial positions, liquidity and the need for working capital for day-to-day business and future expansion.

The history of dividend payments of Thiensurat Public Company Limited and the subsidiary for the past 4 years is as follows:

Details of Dividend Payment	Year 2014	Year2013	Year 2012
1. Profit after income tax expense (Baht)	90,659,681	62,340,911	84,090,690*
2. Total of Shares (Million shares)			
2.1 Amount of shares for the interim Dividend payment (Million shares)**	344*	x	x
2.2 Amount of shares for the annual dividend payment (Baht : Share)**	258	x	x
3. Amount of Dividend Paid (Baht : Share)			
3.1 Interim Dividend Payment (Baht : Share)	0.05	x	x
3.2 Annual Dividend Payment (Baht : Share)	0.10	x	x
4. Total of Dividend Paid (Baht)			
4.1 Interim Dividend Payment (Baht : Share)***	17,200,000	x	x
4.2 Annual Dividend Payment (Baht : Share)**	25,800,000	None	None
Total of Dividend Paid (Baht)	43,000,000	x	x
5. Dividend Ratio : Net Profit (%)			
5.1 Interim Dividend Payment Ratio	27.59	x	x
5.2 Annual Dividend Payment Ratio	41.39	x	x

Remark : * The Company had to prepare new set of the consolidated and separate financial statements Y.2012 for the periods ended December 31, 2012. As of February 26, 2014 the details of such earnings have changed as follows :

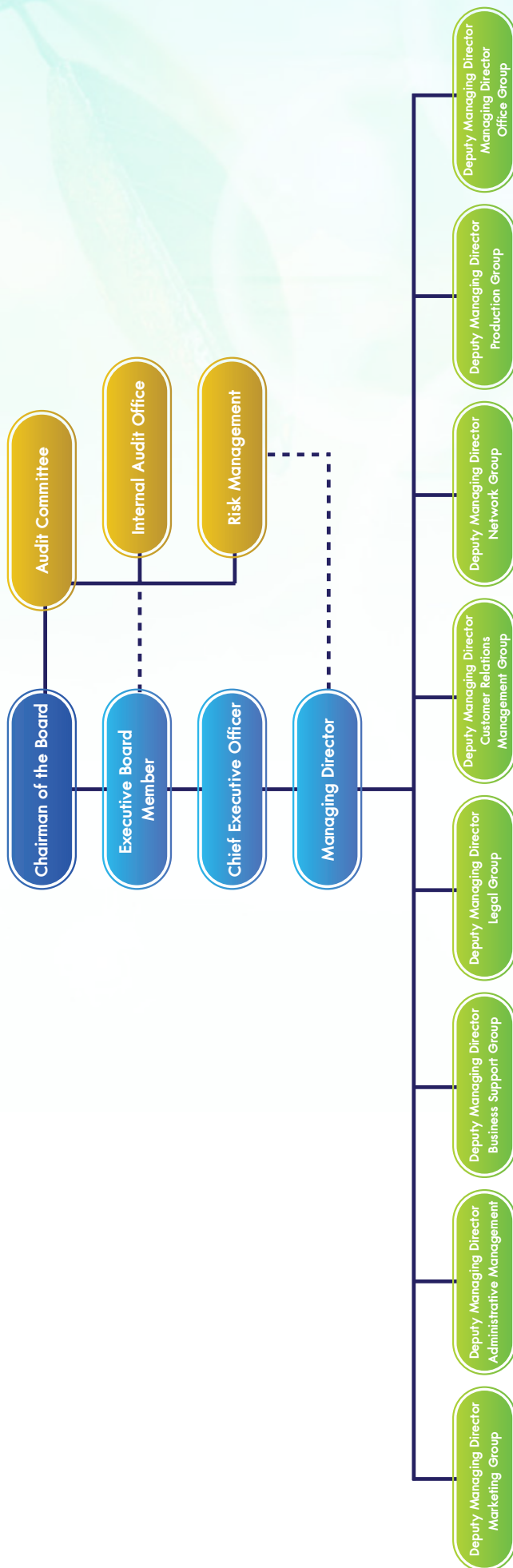
- Financial Statements Y.2012 as of April 9,2013 profit after income tax Baht 83,462,804.
- Financial Statements adjust Y.2012 as of October 16, 2013 profit after income tax Baht 79,191,201.

** The company increase the capital from amount 233,000,000 Baht to be amount 344,000,000 Baht (Paid up amount 258,000,000 Baht) as of March 12,2014. And on June 16, 2014, the company had changed the paid up capital amount 344,000,000 Baht.

*** Interim dividend payment to be paid up from retain earning of the year 2013 amount Baht 47,590,000.

7. Management Structure

Management Structure as of January 1, 2015 is as follows:



Board of Directors

Composition of the Board of Directors

The Board of Directors comprises individuals who possess all the qualifications prescribed in Section 68 of the Public Limited Companies Act B.E. 2535 and the applicable regulations announced by the Capital Market Supervisory Board. The Board of Directors is composed of individuals who, on the basis of their knowledge and experience, make valuable contributions to the planning of the company's policy. Together with the company's senior executives, the Board of Directors direct the company's short- and long-term operations and plan the company's financial policy, risk management and overall image. The Board of Directors play a vital role in directing, overseeing, and evaluating the company's operations and the company executives' performance to ensure that they are independently in line with the plans that have been laid out. As of December 31st, 2014, the Board of Directors comprises 9 members, whose names are as follows:

<u>Names</u>		<u>Titles</u>
1. Mr. Sahas	Treetipbut	Chairman of the Board*
2. Mr. Werawat	Changyoo	Director**
3. Mr. Viruch	Wongnirund	Director**
4. Ms. Theinvanee	Changyoo	Director**
5. Ms. Savita	Changyoo	Director**
6. Mr. Ekarat	Changyoo	Director**
7. Associate Professor. Boonserm Vimuktanandana		Chairman of the Audit Committee and Independent Director*
8. Dr. Supree	Wongdeeprom Ph.D.	Member of the Audit Committee and Independent Director *
9. Mr. Suthee	Tripornchaisak	Member of the Audit Committee and Independent Director *
with Ms. Jarunluk	Rongkrathok	as Corporate Secretary

* There are 4 company directors who are not company executives.

** There are 5 company directors who are from the company's management.

Directors vested with the powers to commit the Company to a binding agreement

Directors vested with the power to commit the Company to a binding agreement are Mr. Werawat Changyoo, Mr. Viruch Wongnirund, Ms. Thienvanee Changyoo, Ms. Savita Changyoo, and Mr. Ekarat Changyoo. The Company may enter into a binding agreement by signature by any two of the five directors with the company seal affixed.

The Audit Committee

Composition of the Audit Committee

The Audit Committee is made up of 3 independent members of the Board of Directors. All members of the Audit Committee are knowledgeable and have acceptable experience in finance and accounting. Mrs. Boonserm Vimuktanandana, Chairman of the Audit Committee, has sufficient employment experience which enables her to maintain the reliability and integrity of the Company's accounting policies, financial reporting practices and financial statements, in order to ensure compliance with applicable international auditing standards. She also oversees the design, implementation, adequacy and effectiveness of the Company's internal controls and risk management. The Audit Committee is free to perform its duties and express its opinions.

Management Structure

The Company's Office of Internal Audits, overseen independently by VIL Company Limited, reports directly to the Audit Committee. The independent auditors, advisers and legal and accounting experts are consulted on a regular basis. The Audit Committee will meet separately with the independent auditors, without management present, at least one a year to discuss the results of their examinations. The Audit Committee comprises 3 members as follows:

<u>Names</u>		<u>Titles</u>
1. Associate Professor. Boonserm Vimuktanandana		Chairman of the Audit Committee and Independent Director
2. Dr. Supree	Wongdeeprom Ph.D.	Member of the Audit Committee and Independent Director
3. Mr. Suthee	Tripornchaisak	Member of the Audit Committee and Independent Director
with Ms. Walladee	Siboonrueng	as Secretary to the Audit Committee

Risk Management

To ensure that the Company's operations are carried out in accordance to the Company's policies, strategies and objectives and to drive the Company's sustainable growth and effective business expansion while preparing for possible internal and external changes that may affect the Company's business, the Board of Directors sees it fit to establish a risk management committee, the composition of which is as follows:

There are 8 members of the Risk Management Committee, namely:

1. Mr. Viruch	Wongnirund	Chairman of the Risk Management Committee
2. Ms. Theinvanee	Changyoo	Member of the Risk Management Committee
3. Mr. Asawin	Changyoo	Member of the Risk Management Committee
4. Mr. Paitoon	Homchan	Member of the Risk Management Committee
5. Ms. Savita	Changyoo	Member of the Risk Management Committee
6. Mr. Ekarat	Changyoo	Member of the Risk Management Committee
7. Mrs. Siriporn	Prechapaisa	Member of the Risk Management Committee
8. Mr. Pittaya	Jimase	Member of the Risk Management Committee
with Ms. Jarunluk	Rongkrathok	as Secretary to the Risk Management Committee

* Mr. Pittaya Jitmase resigned on November 16, 2014.

Executive Board Member and Management

The Executive Board Member and Management comprise 12 individuals as follows:

<u>Names</u>		<u>Titles</u>
1. Mr. Werawat	Changyoo	Chairman of the Executive Board Member and Chief Executive Officer
2. Mr. Viruch	Wongnirund	Member and Managing Director
3. Mr. Paitoon	Homchan	Member and Deputy Managing Director Administrative Management
4. Mr. Asawin	Changyoo	Member and Deputy Managing Director Legal Group
5. Mr. Watcharin	Watcharatham	Member and Deputy Managing Director Production Group
6. Ms. Theinvanee	Changyoo	Member and Deputy Managing Director Business Support Group
7. Ms. Savita	Changyoo	Member and Deputy Managing Director Marketing Group
8. Mr. Ekarat	Changyoo	Member and Deputy managing Director Customer Relations



			Management Group
9.	Mr. Piyaong	Suwanarat*	Member and Customer Managing Director
10.	Mrs. Pattaranoot	Thananiran**	Member and Deputy Managing Director Managing Director Office Group
11.	Mr. Siripat	Sahamethapat**	Member and Director of Administrative Management Section
12.	Mr. Pattanon	Premmit***	Member and Deputy Managing Director Network Group
with	Ms. Jarunluk	Rongkrathok	as Corporate Secretary

N.B : * Mr. Piyaong Suwanarat resigned on September 26th, 2014.

** Mrs. Pattaranoot Thananiran was appointed Deputy Managing Director Managing Director Office Group at the 5/2014 meeting of the Board of Directors on August 13rd, 2014. The appointment took effect from August 13rd, 2014. and Mr. Siripat Sahamethapat was appointed Director of Administrative Management Section at the 5/2014 meeting of the Board of Directors on August 13rd, 2014. The appointment took effect from August 13rd, 2014.

*** Mr. Pattanon Premmit was appointed at the 1/2015 meeting of the Board of Directors on January 15th, 2015. The appointment took effect from January 15th, 2015.

The senior executives named above are in compliance with the definition of “Executives” as prescribed in the Notification of the Capital Market Supervisory Board TorChor 23/2551. The senior executives are authorized to carry out operations under the policies, strategies and objectives laid out by the Board of Directors. The Board of Directors has agreed to publish a handbook that describes clearly the responsibilities, authority and duties of the executives in order to ensure transparency and smooth flows of operations. All 12 executives do not possess the following prohibited characteristics:

1. Having a record of criminal offences related to asset frauds.
2. Having a record of taking actions that may be regarded as a conflict of interest with the Company the past year.

Meetings of the Board of Directors

The Board of Directors is due to hold a meeting quarterly and can hold additional extraordinary meetings as necessary. The Company has laid out a clear meeting schedule, with the Corporate Secretary in charge of sending out the invite to the members of the Board of Directors and preparing the documents for the meeting in advance. All members of the Board of Directors can express their opinion with the utmost freedom and are not affiliated with any particular individual of group of individuals. In 2014, the Board of Directors met 6 times, 4 of which were pre-scheduled meetings and the other 2 were extraordinary meetings. At each meeting, the necessary accompanying documents for the meeting were sent to each member of the Board of Directors in advance so that they could study the documents and have sufficient information for discussions at the meeting. In 2014, the Company held one meeting of the shareholders. The record of attendance of each member of the Board of Directors at the meetings in 2014 is summarized as follows:

Record

Record of Attendance of the Board of Directors at the Meetings of the Principal and Sub Committees in 2014 is as the detail “ 8. Good Corporate Governance : The Board of Directors of P.73”

Secretary to the Board of Directors and Corporate Secretary

- **Secretary to the Board of Directors**

The Board of Directors passed a resolution to appoint Ms. Jarunluk Rongkrathok as Secretary to the Board of Directors to be in charge of giving advice regarding legal compliance and their responsibilities to members of the Board. She is also in charge of preparing and distributing documents related to the meeting of the Board of Directors and she is obligated to attend all meetings of the Board of Directors. The Board of Directors appointed Ms. Jarunlak as Secretary because the Board considers her highly qualified, knowledgeable and experienced and capable of providing advice to the Board to ensure that the Board correctly complies with all applicable laws and regulations as well as the Company's good governance principles.

- **Corporate Secretary**

To comply with the Good Corporate Governance principles for registered companies and the Securities and Exchange Act, the Board of Directors at the 2/2013 meeting on February 12nd, 2013, passed a resolution to appoint Ms. Jarunluk Rongkrathok as Corporate Secretary to be in charge of organizing meetings of the Board of Directors, sub committees, and shareholders, and in charge of producing minutes of the meetings of the Board and Committees and minutes of the annual meetings of the shareholder. She is also responsible for collecting the documents as required by law. The Board of Directors appointed Ms. Jarunluk as Corporate Secretary because the Board considers her highly qualified, knowledgeable and experienced and capable of performing the role Corporate Secretary and the role of director of the Corporate Secretary's Office, which is a unit that supports the work of the Company's Corporate Secretary to ensure compliance with applicable laws and regulations. The Corporate Secretary is also in charge of adoption and application of the Company's good governance principles.

In addition, the Company also encourages the Corporate Secretary to undergo training and continued to improve her knowledge in accounting laws or performance in the capacity of Corporate Secretary. The Corporate Secretary's qualifications and experience are disclosed in the Company's annual reports.

Remuneration for Directors and Executives

The Company has instituted a system for awarding suitable remuneration to directors and senior executives by taking into account conformity with the rates or remuneration for directors of other registered companies in the same industry and the Company's operating results. The remuneration for the Board of Directors is to be approved at the Meeting of the Shareholders. The Board of Directors is in charge of deciding the remuneration for senior executives based on the responsibilities of each senior executive and the Company's operating results. The Board of Directors will review the proposed remuneration later on.

Remuneration for Directors and Executives

At the Annual Meeting of the Shareholders in 2014 on Friday April 25th, 2013, the meeting passed a resolution to approve the remuneration for the Board of Directors, the Audit Committee, and other committees. After reviewing all the factors, the shareholders approved the remuneration for company directors at no more than 2,500,000 Baht. The approved remuneration amount was to be paid as quarterly-meeting allowances, allowances for other meetings and other remuneration, with the management being in charge of proposing how to properly divide the remuneration.



The details of the proposed remuneration in the form of meetings allowances for the Board of Directors and Sub Committees for the year 2014 are as follows:

Positions	Meeting Allowance Per Meeting		Meeting Allowance Per Meeting	
	2014	2014 (Sub-Committee Meeting)	2013	2013 (Sub-Committee Meeting)
• Meeting allowances of the Board of Directors				
Chairman of the Board	35,000	15,000	35,000	-
Non-Executive Director	30,000	10,000	30,000	-
Executive Director	25,000	8,000	25,000	-
Advisor to the Board	30,000	10,000	-	-
• Meeting allowances of the Audit Committee				
Chairman of the Audit Committee	30,000	12,000	30,000	-
Member of the Audit Committee	25,000	8,000	25,000	-

The remuneration paid to the members of the Board of Directors 2014 totaled 1,419,000 Baht was paid based on their individual meeting attendance as follows:

Names of Directors	Positions	Meeting allowances (Baht)		
		Director	Audit Committee Member	Total
1. Mr. Sahas Treetipbut	Chairman of the Board	190,000	-	190,000
2. Mr. Werawat Changyoo	Director	133,000	-	133,000
3. Mr. Viruch Wongnirund	Director	133,000	-	133,000
4. Ms. Theinvanee Changyoo	Director	133,000	-	125,000
5. Ms. Savita Changyoo	Director	125,000	-	125,000
6. Mr. Ekarat Changyoo	Director	133,000	-	133,000
7. Associate Professor Boonserm Vimuktanandana	Chairman of the Audit Committee and Independent Director	160,000	150,000	310,000
8. Dr. Supree Wongdeeprom Ph.D.	Member of the Audit Committee and Independent Director	160,000	125,000	285,000
9. Mr. Suthee Tripornchaisak	Member of the Audit Committee and Independent Director	160,000	125,000	285,000
10. Mr. Krit Umpote *	Advisor to the Board	100,000	-	100,000

N.B. : * Mr. Krit Umpote was appointed advisor to the Board of Directors at the 3/2014 meeting of the Board of Directors on May 14th, 2014.

The details of the remuneration in the form of salaries and bonuses paid to the executives are as follows:

Remuneration	2014		2013	
	Number of executives paid	Amount (Baht)	Number of executives paid	Amount (Baht)
Combined salaries	12	25,238,444	11	20,699,240
Combined bonuses	12	6,735,882	11	5,699,820
Total		31,974,326		26,399,060

- N.B. :**
- In 2013, the 11 executives were 1) Mr. Werawat Changyoo, 2) Mrs. Kanittha Changyoo, 3) Mr. Ekarat Changyoo, 4) Ms. Theinvanee Changyoo, 5) Mr. Asawin Changyoo, 6) Ms. Savita Changyoo, 7) Mr. Viruch Wongnirund, 8) Mr. Paitoon Homchan, 9) Mr. Watcharin Watcharatum, 10) Mr. Piyapong Suwannarat, and 11) Mr. Pittaya Chitmasay.
 - Mrs. Kanittha Changyoo resigned as executive director since March 31st, 2013.
 - In 2014, the 12 executives were 1) Mr. Werawat Changyoo, 2) Mr. Viruch Wongnirund, 3) Mr. Paitoon Homchan, 4) Mr. Asawin Changyoo, 5) Mr. Watcharin Watcharatum, 6) Ms. Theinvanee Changyoo, 7) Ms. Savita Changyoo, 8) Mr. Ekarat Changyoo, 9) Mr. Piyapong Suwannarat, 10) Mrs. Pattaranoot Thananiran, and 11) Mr. Siripat Sahamethapat
 - Mr. Piyapong Suwannarat resigned as executive director since September 26th, 2014.

Other remuneration

Other remuneration for the Board of Directors

The Company has a policy of awarding non-monetary remuneration to the Board of Directors, including cellular phones and cellular phone-related expenses such monthly.

Other types of compensation or benefits for members of the management group :

Compensation	2014		2013	
	Persons	Baht	Persons	Baht
Contribution to their provident fund	12	559,149	11	495,288

Other remuneration for executives

-None-

Personnel

Number of personnel or employees

The total number of employees of the Company and its subsidiary as of December 31st, 2014, stood at 1,362, divided by functions of their jobs as follows:



(Unit : person)

Departments as of December 31, 2014,	Thiensurat Public Company Limited	Safe Trade International Company Limited
Sales Department	482	0
Credit Department	165	0
Debt Collection Section	19	0
Legal Affairs and Execution Department	8	0
Operations Department	70	0
Accounting and Finance Department	19	1
Technology and Information Department	23	0
Marketing Department	4	16
Others	552	3
Total	1,342	20

Remuneration for company personnel or employees

In 2014, the Company paid remuneration to employees in form of salaries, overtime, bonuses, Social Security Contributions and other payment (not including remuneration for the Board of Directors and Executives) in the total amount of Baht 548,532,696. Similarly, the Company's subsidiary disbursed in the same way to its personnel in the total amount of Baht 10,237,422.

Other remuneration for company personnel or employees

The Company established a provident fund on January 1st, 2013. The fund is managed by SCB Asset Management Company Limited. The provident fund was established with an aim to offer benefits for and boost the morale of employees in the long term. In 2013, the Company contributed a total of Baht 1,936,299 to the fund and contributed a total of Baht 2,042,483 baht to the fund in 2014.

Personnel development policy

The Company understands the importance of personnel development and has therefore put in place a policy to develop its personnel continuously with a focus on providing the employees with skill training related to their jobs and job-related techniques such as sales techniques and how to collect payments from the clients. The aim is to enable the employees to work in an organized, structured and effective manner. The Company also conducts regular employee evaluations that provide clear indications of their performance and efficiency, and routinely reviews employee performance to make sure that it corresponds with the Company's business plans.

The Company has a policy of appointing and promoting employees based on their performance every year in order to encourage the employees to improve their skills and knowledge and also encourages the employees to join training and seminars related to their jobs. In addition, the Company has a policy of preventing and addressing drug-related

Management Structure

problems in the workplace. The Company carries out campaigns aimed at raising awareness against drug abuse and narcotics and sets a good example to other companies. The Company has garnered numerous recognition and certifications from relevant agencies for its anti-narcotics efforts.

1. On January 15th, 2014, the Company was awarded a honorary certificate in recognition of its efforts in preventing and addressing narcotics problems in the workplace as part of the White Campaign by the Department of Labour Protection and Welfare, the Ministry of Labour.

2. On August 29th, 2014, the Company was awarded a certificate in recognition of its efforts in preventing and addressing narcotics problems in the workplace at its headquarters, production plant 1, production plant 2 and production plant 3 from the Nonthaburi Provincial Authority.

Motor vehicle lease benefit

The Company offers incentives to its employees through its benefits policy. The incentives are aimed at motivating the employees to perform their tasks earnestly and ensure that their performance is at a satisfactory level. The motor vehicle lease benefit gives employees an incentive to generate sales. The Company supports its employees paying the lease payments on a commercial truck at the rate of 60% of the lease payments to help support sales. The lease payment term is set at no more

Major labor disputes that have occurred over the last 3 years:

-None-



8. Corporate Governance

8.1 Corporate Governance Policy

Thiensurat Public Company Limited (the “Company”) has established a written Corporate Governance Policy, which was approved by the Board of Directors. The Board of Directors regularly review and monitor the implementation of this Policy. In addition, after the Company has listed its ordinary shares on the Stock Exchange of Thailand, its practices have been in compliance with all relevant rules and regulations set by the Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”).

8.2 The Board of Directors and Board Committees

Structure of the Board of Directors and the Board Committees

The Board of Directors (the “Board”) has appointed the committees, namely the Audit Committee, the Executive Committee and the Risk Management Committee

8.2.1 The Board of Directors

Duties and responsibilities of the Board are set forth in accordance with the resolutions of the Extraordinary Shareholders’ Meeting No. 1/2013 dated 27 February 2013 and are as follows:

1. Oversee the Company in accordance with applicable laws, its objective and the Articles of Association and resolutions of meetings of shareholders’ meetings;
2. Establish business direction; oversee the Company’s operations to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Establish objectives, strategies, policies, business plans and budgets, and ensure that the management perform their duties in accordance with the Company’s policies, except the following matters which, required by laws, resolutions from shareholders’ meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company; increase or reduction of capital; issuance of new shares and/or debentures; selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company’s business in whole or in substantial part; the entrusting of any other person to manage the business of the Company; amalgamation of companies; termination of the Company; and payment of remuneration of directors etc.;

In addition, the Board is responsible for ensuring compliance of the Company’s operations with the Securities and Exchange laws and regulations of SET, for instance, any act concerning connected transactions; acquisition or disposal of any significant assets as listed under SET regulations or applicable laws related to the Company’s business;

4. Appoint the Executive Committee, in the discretion of the Board, to perform duties as assigned by the Board. The Board shall elect a member of the Executive Committee as Chairman of the Committee;
5. Appoint Managing Director or delegate any authorities to any other person(s) to conduct the Company’s business subject to the control of the Board, or delegate the authorities to any person within the specified timeframe, in the Board’s discretion, whereby such appointment or delegation of authorities may, at anytime, be cancelled, revoked, modified or amended. In the case where the Board has delegated the authorities to Managing Director or any appointed person(s), to operate the Company in normal course

of business, such delegation shall be in accordance with resolutions of the Board's meeting, which requires the attendance of independent directors or members of the Audit Committee, and if, the delegation of authorities is opposed by the independent director(s) or member(s) of the Audit Committee, the objection must be explicitly stated in the minutes. The delegation of authorities shall be defined clearly duties and responsibilities delegated, and shall not be made in the manner that the delegatee be able to approve any transaction that he/she may have conflicts of interest with the Company or the subsidiary;

6. Put in place an effective internal control system and internal auditing. The internal auditor conducts internal audit as well as coordinate with the Audit Committee;
7. Adopt the Compliance Manual on the corporate governance principles and code of ethics and business conduct for Management and employees to guide consistent internal compliance;
8. A director must not undertake any business of the same nature as and competing with that of the Company or become a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership or become a director of a private company or any other company undertaking any business of the same nature as and competing with that of the Company, unless such fact has been notified to the meeting of shareholders prior to the resolution electing such director.
9. A director shall notify to the Company without delay if having any direct or indirect interest in any contract made by the Company or holding the increasing or decreasing number of shares or securities in the Company or an affiliated company.

Term of Office

At every annual ordinary meeting of shareholders, one-third of the number of directors shall vacate office. If the number of directors is not a multiple of three, then the number nearest to one-third shall vacate office.

The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall vacate office. The director who vacates office under this section may be re-elected.

8.2.2 The Audit Committee

The Audit Committee consists of three members. The list of the Audit Committee is provided under the heading "Management Structure".

Duties and responsibilities of the Audit Committee are set forth in accordance with the resolutions adopted at the Extraordinary Shareholders' Meeting No. 1/2013 dated 27 February 2013 and are as follows:

1. Review the Company's financial reporting to ensure accuracy and adequate disclosure;
2. Review the Company's internal control system and internal audit system to ensure their suitability and efficiency; ensure the independency of internal audit unit as well as approve the appointment, transfer and dismissal of the Chief Audit Executive or any other unit in charge of an internal audit;
3. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and any other laws and regulations relevant to the business operation of the Company;
4. Consider, select and nominate an independent person to be the Company's auditor, and to propose the auditor's remuneration, as well as to attend non-management meeting with such auditor at least once a year;



5. Review connected transactions or transactions that may lead to conflicts of interest and ensure that they are in compliance with the laws and regulations of the SET and are reasonable and for the best interest of the Company;
6. Prepare an Audit Committee's report and disclose in the Company's annual report, which must be signed by Chairman of the Audit committee and consists of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report;
 - an opinion on the adequacy of the Company's internal control;
 - an opinion on the compliance with the Securities and Exchange Act, the regulations of the SET and any other laws and regulations relevant to the business operation of the Company;
 - an opinion on the suitability of the auditor;
 - an opinion on the transactions that may lead to conflicts of interest;
 - the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
 - an opinion or overview observation of the Audit Committee from its performance in accordance with the Audit Committee Charter; and
 - any other matters which, according to the Audit Committee's opinion, should be known to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board of Directors;
7. Perform any other act as assigned by the Board of Directors with the approval of the Audit Committee
8. If the Audit Committee finds or suspects the following cases, which may cause a significant impact to the financial status and performance of the Company, the Audit Committee shall report the case to the Board of Directors for action to be taken within the timeframe agreed to by the Audit Committee:
 - Transactions which lead to a conflict of interest;
 - Fraud, abnormality, or significant deficiencies in the internal control system;
 - Breaking of the Securities and Exchange Act, regulations of the SET any other laws relevant to the business operation of the Company;
9. Carry out any other work as may be prescribed by the revised legislation.

Term of Office

The Audit Committee shall hold office for a period of three years and may be re-appointed in accordance with approval of the Board of Directors.

8.2.3 Executive Board Member

Duties and responsibilities of the Executive Committee are set forth in accordance with the resolutions adopted at the Board of Directors' Meeting No. 2/2013 dated 12 February 2013 and are as follows:

1. Manage the Company in accordance with applicable laws, its objectives and the Articles of Association and resolutions of shareholders' meetings;
2. Establish business direction; oversee the work of the management to ensure compliance with rules and regulations as required by relevant authorities; provide sufficient information disclosure to shareholders and all relevant parties; ensure the transparency of business administration; and act in the best interests of the shareholders;
3. Establish objectives, strategies, policies, business plans and budgets, and ensure that the operations are performed in accordance with the Company's policies, except the following matters which, required by laws, resolutions from shareholders' meeting are required prior to execution, for instance, the amendment of Memorandum of Association or the Articles of Association of the Company; increase or reduction of capital; issuance of new shares and/or debentures; selling or transferring of business; business acquisition or merger or joint venture for the objective of profit sharing; modifying or terminating any contract concerning the granting of a lease of the Company's business in whole or in substantial part; the entrusting of any other person to manage the business of the Company; amalgamation of companies; termination of the Company; and payment of remuneration of directors etc.;
4. Put in place an effective internal control system and internal auditing. The internal auditor conducts internal audit as well as coordinate with the Audit Committee;
5. Adopt the Compliance Manual on the corporate governance principles and code of ethics and business conduct for Boards of Management and employees to guide consistent internal compliance;
The authority of the Executive Committee shall exclude an approval of any transaction in which members of the Executive Committee or their related persons have conflicts of interest with the Company or subsidiary companies, as specified in the regulations of SET. An approval of the transaction mentioned must be submitted to the meeting of the Board of Directors and/or the meeting of the shareholders for consideration and approval, in accordance with the Company's Articles of Association, and relevant laws. The Executive Committee shall not be authorized to approve any other transaction, unless approved by the Board of Directors on a case-by-case basis;
6. Approve expenditures for normal business operation and management of the Company in amount not exceeding Baht 5 million per item, but not exceeding the significant capital expenditure budget as stipulated in the annual budget, assigned and approved or as agreed in principle by the Board of Directors;
7. Approve normal business transactions/contract in amount not exceeding Baht 5 million per item, but not exceeding the significant capital expenditure budget, which stipulated in the annual budget, as assigned by the Board of Directors;
8. Approve loans, credit facilities, or credit application of the Company under an amount not exceeding to Baht 40 million per item. Assets of the Company shall not be secured as collateral without prior approval of the Board of Directors;
9. Approve adjustment of salaries, remuneration and bonuses for employees but not for the members of the Executive Committee.



Term of Office

The Executive Board Member shall hold office for a period of three years and upon the expiration of their terms of office, the Executive Board Member may be re-appointed.

- **Chief Executive Officer**

Duties and responsibilities of the Chief Executive Officer are set forth in accordance with the resolutions adopted at the Board of Directors' Meeting No. 4/2013 dated 9 April 2013 and are as follows:

1. Authorized to manage the Company in accordance with its objectives, policies, rules and regulations, orders, resolutions of shareholders' meetings; and/or resolutions of meetings of the Board of Directors and the Executive Committee;
2. Responsible for the day-to-day management of the Company's operations;
3. Monitor and evaluate the operations of the Company in the continual manner and report the progress of the Company to the Executive Committee, the Audit Committee and the Board of Directors;
4. Develop and propose business plans and policies, targets, operational plans, business strategies, fundraising policies, annual budgets and annual report of the Company and determine management roles and responsibilities of the Company to the Executive Committee, the Audit Committee and the Board of Directors;
5. Consider the profit & loss accounts of the Company, interim and annual dividend payment proposals for the approval of the Board of Directors;
6. Establish organizational structure, management and business administration including details of selection, training, recruitment and termination of employees and determine wages, salaries, remuneration, bonuses and welfare and other benefits for employees;
7. Make contract agreements with respect to the normal business of the Company, new investments or business termination, as stipulated in the Authorization Policy Manual;
8. Authorized to approve payments with respect to the normal business of the Company as stipulated in the authorization guidelines and as approved by the Board of Directors;
9. Authorized to order, contact, command, implement and sign legal contracts documents, orders and announcements as stipulated in the Authorization Policy Manual;
10. Perform any other act as delegated by the Executive Committee and/or the Board of Directors.

The authority of the Chief Executive Officer shall exclude an approval of any transaction in which the Chief Executive Officer or his/her related persons have conflicts of interest with the Company or subsidiary company as specified in the regulations of SET. An approval of the transactions mentioned must be submitted to the meeting of the Board of Directors and/or the shareholders for consideration and approval, in accordance with the Company's Articles of Association and relevant laws.

8.2.4 The Risk Management Committee

With a view to ensuring compliance with the policies, strategies and the objectives of the Company as well as driving sustainable growth and stable business expansion and accommodating the internal and external changing environment, which may have impact on the Company's business, the Board of Directors determined to establish the Risk Management Committee, which comprises 8 members. The list of the Risk Management Committee is provided under the heading "Management Structure".

Duties and responsibilities of the Risk Management Committee are set forth in accordance with the resolutions adopted at the Board of Directors' Meeting No. 2/2013 dated 12 February 2013 and are as follows:

1. Determine the risk management policies and frameworks, which adhere to the guidelines of risk management set by the Stock Exchange of Thailand and the Institute of Internal Auditors of Thailand and propose to the Executive Committee;
2. Put in place coherent strategies in line with the risk management policies to be able to evaluate, monitor and control each type of risk in order to manage the risk at the acceptable level. The risk management shall be in participatory manner involving relevant stakeholders and agencies.
3. Analyze and evaluate risk factors at the corporate level and determine risk management strategies to mitigate and reduce the risks to an acceptable level. The risk management shall be controlled and supervised by the Risk Management Committee in line with risk management protocols of the Company;
4. Review risk management policies and improve efficiency and effectiveness of the policies sufficiently to manage and mitigate risks;
5. Authorized to call any person concerned to clarify information related to the risk factors of the Company including to appoint and assign duties or tasks are deemed to be part of the essential functions of risk management to all employees and management in order to achieve the risk management objectives. The assigned tasks shall be reported to the Risk Management Committee.
6. Report risk management to the Executive Committee and the Audit Committee in order to present to the Board of Directors on a quarterly basis;
7. Develop, review and improve the risk management handbook;
8. Identify all types of risk factors as well as analyze and evaluate the risk factors that may occur and impact the Company;
9. Develop work plans to prevent or mitigate the risks;
10. Evaluate and prepare report of risk management;
11. Establish an integrated risk management system in connection with information system;
12. Perform any other tasks that deemed appropriate in view of the Risk Management Committee.

Term of Office

The Risk Management Committee shall hold office for a term of 3 years.

8.3 Nomination of Directors and Senior Management

1) Nomination of Directors

The Company has set out the criteria and qualifications of directors pursuant to the Section 68 of the Public Companies Act B.E. 2535 and in accordance with the laws and relevant regulatory requirements of the SEC and the SET. The selection and nomination of directors of the Company is considered by taken into account the knowledge and expertise, work experience, particularly relevant to the business of the Company as well as the appropriate mix of skills in order to enable the directors to perform its duties effectively etc. Directors are elected to hold office for a period of three years. The criteria and procedures are established as follows:

1. The shareholders must appoint directors in the following manners:
 - Each shareholder shall have one vote for each share held by him/her;



- Each shareholder shall exercise his/her voting right to elect one person or several persons as directors or any other means as deemed appropriate but each shareholder must submit all of his/her votes at the time and is not entitled to divide the votes proportionately for a particular candidate or group of candidates;
 - The persons shall be elected by a majority of the shareholders voting. If an equal number of votes, the Chairman shall cast a deciding vote;
 - The persons receiving the highest votes in descending order shall be elected as directors equal to the permissible number of directors to be elected at the time. In the event that persons in subsequent order who have an equal number of votes exceed the number of vacancies available for election at the time, the Chairman shall cast a deciding vote
2. At every annual general meeting of shareholders, one-third of the directors must vacate from their office. If the number of directors cannot be divided exactly into the number corresponding to one-third, directors to vacate office in the first year and the second year after registration of the company shall draw lots. In subsequent years, the directors who remained in office for the longest time shall vacate office.
 3. A retiring director is eligible for re-election.
 4. In the case of a vacancy of directorship for reason other than expiration of term of office, the Board of Directors shall elect a person possessed of qualifications and not possessed of disqualifications under the Limited Public Company Act and the Securities and Exchange Act as the replacement director in the next meeting of Board of Directors, unless the remaining term of office of the director is less than two months. The replacement director may hold only for the remainder of term of office of the director whom be replaced. And the resolution of the Board of Directors must be supported by votes not less than three-fourths of number of the remaining directors.
 5. In the case where the whole Board of Directors vacate office, such Board of Directors shall remain in office as long as necessary to operate business of the Company until the new Board of Directors assume office, unless otherwise ordered by the court in the case the court issuing an order to remove. The board of directors vacating office must make arrangements to hold a meeting of shareholders for election of a new board of directors within one month from the date on which it vacated office, by dispatching a notice of meeting to the shareholders not less than fourteen days in advance of the date of the meeting. The notice of meeting shall also be announced in a newspaper for not less than three consecutive days before the date of the meeting.

The meeting of shareholders may pass a resolution to remove any director prior to the expiration of his or her term of office with votes not less than three-fourths of number of shareholder attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.

2) Nomination of Independent Directors

The Company has set out the criteria and qualifications of an independent director. Upon the expiry of the term of an independent director or it deems necessary to appoint additional independent director(s). The Company led by the Board of Directors serving the current term of their office shall seek consultation and set out the criteria and qualifications of independent directors who have suitable experience, knowledge and expertise as well as the appropriate mix of skills

in order to enable the directors to perform its duties effectively. The criteria shall include defined qualifications as follows in order to propose to the Board of Directors' meeting or the shareholders' meeting for their consideration in accordance with the Company's Articles of Association:

The Company requires that independent directors shall be made up no less than one-third of the Board of Directors. At least three directors require to be independent directors who have qualifications as specified below. The criteria and qualifications of independent directors are in accordance with the notifications of the Capital Market Supervisory Board and all independent directors of the Company have met the requirements as follows:

1. Holding shares not exceeding 1 per cent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director;
2. Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;
3. Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary (if any);
4. Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his or her independent judgment, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment; Thus such business relationship aforementioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or the counterpart being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the notifications of the Capital Market Supervisory Board with regard to the disclosure of Information and act of listed companies concerning the connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;
5. Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;



6. Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than Baht 2 million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of application submitted to the Securities and Exchange Commission or prior to the date of the appointment;
7. Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company;
8. Not operate any business which has the same nature as and is in principle competition with the business of the Company or subsidiary, or not being a principle partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary, or holding shares not exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
9. Not having any characteristics which render him or her incapable of expressing independent opinion regarding the Company's business operation;
10. Not being a director assigned by the Board of Directors to operate any business of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company or juristic person which may have conflicts of interest with the Company;
11. Not being a director of its parent company, subsidiary or same-level subsidiary company which is a listed company.

Independent directors shall review and verify their independence at least once a year. Detailed information of independent directors shall be disclosed at the end of the year in the Annual Information Disclosure Form (Form 56-1) and the Annual Report of the Company.

3) Nomination of the Audit Committee

The Audit Committee is appointed from the Board of Directors or shareholders. All such members of the Audit Committee must be independent directors and have qualification as prescribed in the notification of the SEC as well as the corporate governance principles of the Company. The Audit Committee comprises at least three independent directors and that at least one of the Audit Committee members shall have knowledge in accounting and/or finance, with the duties to audit and supervise the Company's operations, including to monitor the preparation of financial reports, internal control system, selection of the auditor, and consideration of conflicts of interest. The Audit Committee shall hold office for a term of three years.

4) Nomination Senior Management

The Company has established criteria for the nomination of senior management where knowledge, competency, skillsets, suitable work experience related to the business and good understanding of the Company's business are taken into consideration in accordance with the roles and responsibilities of the Executive Committee. The Company currently considers appointing the Nomination and Remuneration Committee to facilitate accurate and transparent procedure for the nomination.

8.4 Corporate Governance of subsidiary

Thiensurat Public Company Limited holds 99.99% shares of its sole subsidiary, Safe Trade International Company Limited. There is no associated company. In accordance with the corporate governance policy of the Company to control, supervise and be responsible for the business operation of its subsidiary as well as to maintain the best interests of the Company, the Board of Directors delegates the Company's representative to be a director in the subsidiary company pursuant to the Company's rules and regulations. Such delegation and appointment shall be adopted at the Board of Directors' meeting.

Operating results of its subsidiary shall be examined by external auditor(s) then reported to the Audit Committee and the Board of Directors in every quarter for their consideration.

Significant transactions, for instance, connected transactions or acquisition or disposal of assets (if any), shall be conducted through the systematic corporate governance of the Company. The Board of Directors of the subsidiary and the Audit Committee of the Company shall consider such transactions respectively for the Board of Directors of the Company's approval. Such transactions shall then be disclosed through the SET's Information Disclosure System in a systematic manner.

The Company's representative appointed to be director of the subsidiary, shall take part in determination of significant policies of the business operation of the subsidiary, for example investments in other projects etc.

8.5 Use of Insider Information

The Company has developed the policy and the code of conduct for directors and the management in handling insider information of the Company in order to prevent unlawful use of information for personal benefits as well as buying and selling of securities as follows:

- Inform directors and the management of their duties to prepare and disclose the securities holding reports, including the securities holding of their spouse and minor children, to the SEC as prescribed in Section 59 and the penalty as prescribed in Section 59 and 275 of the Securities and Exchange Act B.E. 2535.
- Require directors and the management who have duty to report the change of their securities pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within three business days from the date of transaction and send a copy to the Company on the same day that the report is sent to the SEC.
- Require directors, executives and employees of the Company, who have an access of any inside information that can affect price of stocks, shall suspend their stocks trading within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. Those accessed to such information shall not disclose the information to the third party.

The Company shall impose disciplinary actions on those who use information for personal benefits. Punishment includes written warning, wage deductions, temporary suspension without pay or termination of employment. These disciplinary actions will be considered in terms of the intentions behind the action and severity of the wrongdoing.



8.6 Remuneration for Auditors

The Audit Committee of Thiensurat Public Company Limited has considered and selected auditors in accordance with assessment and requirements of the Company. In selecting Auditors, the Audit Committee shall take into account quality, standard operating procedure, and requirements of independence without a business relationship or professional services with the Company. The auditor must be qualified under the notification of the SET. As of 2014, the auditors are as follows:

Mrs. Suvimol Krittayakiern	Certified Public Accountant	No. 2982
Miss Somjintana Pholhirunrat	Certified Public Accountant	No. 5599

DIA International Auditing Company Limited

(Unit: Million Baht)	Thiensurat PCL and the subsidiary company	Year
1. Audit Fee	1.55	2557
	1.81	2556
	0.76	2555
2. Non-Audit Fee	None	2557
	None	2556
	None	2555

8.7 Other principles of good corporate governance

(1) Code of Conduct

The Company has established the Code of Conduct to guide the Board of Directors, the management and employees to perform their respective duties and responsibilities under the principles of honesty, fairness and integrity. The Code of Conduct applies conducts towards the Company, all stakeholders, public and civil society. The Company also put in place a regular monitoring system. In addition, the Company announces and notifies all employees to strictly abide with the principles.

(2) Conflicts of Interests

The Company established the Conflict of Interest Policy on the principle that any decision-making on business transaction should be made on the basis of the Company's best interest only. Any action leading to conflicts of interests should be avoided. In any transaction consideration, the related party must not participate in the consideration process and has no authority to approve.

The Audit Committee reports the connected transaction and conflicting interest transaction to the Board of Directors. The appropriateness shall be considered in compliance with the regulations of the SET and/or the SEC. The transactions shall be disclosed in the financial statements, the Annual Report and Annual Information Disclosure Form (Form 56-1).

(3) Internal Control

The Company places importance on the internal control system both at the management and the operational levels in order to ensure efficient business operations. Furthermore, the Company has adopted a written charter that sets forth duties and powers for the operation and the management performance. There is a control over the use of the Company's assets to generate gain and division of the duties of operators and controllers with separate audits. The Company has appointed the Audit Committee to monitor internal control and internal audit to ensure appropriateness and efficiency. The internal auditor perform the audit of internal control and report to the Audit Committee to ensure important operations are efficiently conducted in accordance with the guidelines and regulations of the Company.

(4) The risk management

The Board of Directors has appointed the Risk Management Committee, who shall hold office for a period of three years. The duties and responsibilities include determination of the overall risk management policy for the Board of Directors' consideration. Such risk management policy cover from the strategy level to operational level in order to monitor, review and propose to the Board of Directors to ensure that the risk management is undertaken effectively.

(5) Report of the Board of Directors

The Audit Committee will be responsible for reviewing the financial report. The finance and accounting departments as well as auditors shall attend a meeting together and report to the Board of Directors on a quarterly basis. The Board of Directors is responsible for the financial statements of Company and the financial information (report of the board of directors' responsibility for the financial reports) as appeared in the annual report. Such financial statements are prepared in accordance with the accounting principles certified and audited with prudence by the Company's auditors. The disclosure of significant financial-related and non-financial related information is completely and regularly done on the factual basis.

(6) Board of Directors' Meeting

In accordance with the Company's Articles of Association, the Board of Directors' meeting shall be scheduled in every 3 months. However, an extraordinary meeting can be convened if deemed necessary. The meeting notification must be prepared and circulated to the Board of Directors at least 7 days in advance of the meeting date, unless there is an overriding necessity or urgent matter. The agenda items must be clear and specific. The relevant documents shall be sent to the members of the Board in advance in order to have sufficient time to consider the issues.

During the meeting, the Chairman of the Board and the Chief Executive Officer jointly set and determine the agenda of the Board of Directors' Meeting. All directors are able to propose the agenda to be considered in the meeting, and express and discuss their opinions openly. The Chair of the meeting shall facilitate the discussion and summarize the resolutions, which shall be made by a majority vote. Each director has one vote. Any director who has a conflict of interest will not be able to attend and/or does not exercise the right to vote. If an equal number of votes, the Chairman shall cast a deciding vote.

In addition, the minutes of the meetings shall be recorded in writing after the meeting and the adoption by the Board of Directors. Such minutes shall be made available for further examination to the Board of Directors and relevant stakeholders.



Name	Number of attendance / Total number of the meetings				
	Board of Directors (9 Directors) 6 times / year	Audit Committee (3 Members of Audit Committee) 5 times / year	Executive Board Member (12 Members of Executive Committee) 22 times / year	Attendance in the Annual General Meeting of Shareholders for the year 2014 (9 Directors) 1/year	Risk Management Committee (8 Members of Risk Management Committee) 1/year
1. Mr.Sahas Treetipbut	6/6	-	17/22	1/1	-
2. Mr. Werawat Changyoo	6/6	-	22/22	1/1	-
3. Ms. Theinvanee Changyoo	5/6	-	21/22	1/1	4/4
4. Mr. Viruch Wongnirund	6/6	-	21/22	1/1	4/4
5. Ms. Savita Changyoo	5/6	-	22/22	1/1	4/4
6. Mr. Ekarat Changyoo	6/6	-	20/22	1/1	4/4
7. Associate Professor. Boonserm Vimuktanandana	6/6	5/5	-	1/1	-
8. Dr. Supree Wongdeeprom Ph.D.	6/6	5/5	-	1/1	-
9. Mr. Suthee Tripornchaisak	6/6	5/5	-	1/1	-
10. Mr. Paitoon Homchan	-	-	22/22	-	4/4
11. Mr. Asawin Changyoo	-	-	19/22	-	4/4
12. Mr. Watcharin Watcharatham	-	-	22/22	-	-
13. Mr. Piyaphong Suwanrat*	-	-	14/22	-	-
14. Mrs. Pattaranoot Thananiran **	-	-	21/22	-	-
15. Mr. Siripat Sahamethapat **	-	-	10/22	-	-
16. Mr. Krit Umpote.***	4/6	-	-	-	-
17. Mrs Siriporn Preechapaisarnjit	-	-	-	-	4/4
18. Mr. Pittaya Jitmase****	-	-	-	-	4/4

Remarks : * Mr. Piyaphong Suwanrat, Executive Committee resigned from the directorship on 26th September 2014.

** Mrs. Pattaranoot Thananiran, Deputy Managing Director, Managing Director Officer Group and Mr. Siripat Sahamethapat, Director of Administration Management Section were appointed pursuant to the resolution of the Board of Directors' Meeting No. 5/2014 held on 13 August 2014.

*** Mr. Krit Umpote, Advisor to the Board of Directors was appointed pursuant to the resolution of the Board of Directors' Meeting No. 3/2014 held on 14th May 2014.

**** Mr. Pittaya Jitmase, Manager of Accounting and Finance resigned from his position on 16th November 2014.

(7) Remuneration

The Company determined clear and transparent remuneration policy. The remuneration of directors is on the basis of responsibility and duty of each director. The remuneration is appropriately controlled at the same rate as company in the same industry in order to retain qualified directors. The remuneration shall be approved by the shareholders at the Annual General Meeting (AGM).

The Company discloses the remuneration paid to directors and executives as required by the SEC.

(8) Development of Directors and the Management

The Company established the policy to provide training support and to enhance the capacity of the directors and the management, which comprise Directors, Audit Committee, Executive Committee and the Executives to continually enhance their performance. If there is a change of Directors or any Committee, the Company will provide guidance with respect to business operation and information which would be useful for the new directors in effectively carrying out their duty as the directors of the Company under the good corporate governance framework.

Training of the Board of Directors and the Sub-Committees

The Board of Directors encourage and support the management whose work relating to corporate governance system of the Company, for example, Directors and Sub-Committee members, Executives, Company Secretary etc. to participate in seminars and training courses or activities organized by the Thai Institute of Directors (IOD), the SEC, the SET or any independent organizations. It is the policy of the Company to continuously develop the potential, knowledge, ability, and quality of its directors and management. The Board of Directors assigns the Company Secretary of the Company to act as a coordinator to inform directors and the management of relevant training courses.

On 31 December 2014, the Board of Directors and Sub-Committee members attended courses provided by the IOD and other institutions as follows:

Courses provided by the IOD:

- | | | |
|----------------|----------|---|
| 1. Mr. Werawat | Changyoo | - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors |
| 2. Ms. Savita | Changyoo | - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors |
| 3. Mr. Ekarat | Changyoo | - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors |

Courses provided by the others:

- | | | |
|--------------------|----------|---|
| 1. Ms. Theinvannee | Changyoo | - Management Accounting for Non-Financial Executives Federation of Accounting Professions |
|--------------------|----------|---|

Compliance with the Principles of Good Corporate Governance

Transparency and effective management shall be enhanced in order to build up the confidence and the assurance of the shareholders, investors and all stakeholders. With this in mind, the Board of Directors has established a corporate governance policy, as prescribed in the principles of good corporate governance according to the SET. The Company's practices of the good corporate governance are set out in 5 categories as follows:



Category 1 : Rights of Shareholders

The Company realizes and places importance on the fundamental rights of the shareholders, as both the owners of the Company and the investors in the stock market, for instance, the rights trade and transfer shares, rights to and receive the Company's information promptly, completely, and sufficiently, rights to receive the Company's profit distribution, rights in the meetings of shareholders, rights to express opinion and rights to decide on the Company's important matters such as dividends payment, appointment or removal of directors, appointment of external auditor, approval of important transactions which may impact on the business operation etc.

In addition to aforementioned fundamental rights, the Company operates in various areas to facilitate the exercise of the rights of shareholders as follows:

1. The Company will hold an annual general meeting within 4 months from the date of the last day of the Company's fiscal-year end. The meeting notification, the agenda items and relevant documents must be prepared and circulated to the shareholders at least 7 days in advance of the meeting date. And the meeting date shall be announced in a newspaper for 3 consecutive days in advance of the meeting date. Each agenda item shall contain opinions or recommendations of the Board of Directors.
2. The Company shall disseminate relevant materials and information through the Company's website in advance. The Company shall provide adequate information with regard to the rights of shareholders in the shareholders' meeting including the right to vote of the shareholders.
3. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholder an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter.
4. Prior to the meeting, the Company shall provide opportunities for the shareholders to submit opinions, recommendations and questions in advance.
5. During the meeting, the Company shall provide opportunities for shareholders to independently and equally make inquiries, suggestions or expression of opinions. In the meeting, the directors and the executives shall attend to provide response and give detailed information for the shareholders.

Category 2 : The Equitable Treatment of Shareholders

The company shall provide an opportunity for fair and equitable treatment to all shareholders and establish that all shareholders are entitled to vote based on the amount of shares held by each shareholder whereby one share was equal to one vote. The Company shall not take any action that limits or violates the rights of shareholders, regardless whether a shareholder is a major or minority shareholder, an institutional investor or a foreign shareholder. The Company assigns independent directors to safeguard the interests of the minority shareholders. The minority shareholders are able to make suggestions, express opinions or file complaints to the independent directors, who are responsible for handling each matter appropriately. For instance, in case of a complaint, the independent directors shall investigate and seek a proper solution. In the event that the minority shareholders make an important suggestion, which have an impact to all stakeholders or to the business of the Company, then the independent directors shall report such suggestion to the shareholders' meeting for consideration and include it in the agenda of the shareholders' meeting.

The shareholders' meeting shall be convened and conducted in accordance with the Company's Articles of Association and agenda items. Each agenda item shall be considered with the supporting detailed information and relevant materials. There shall be no additional agenda item without notifying shareholders in advance, particularly, an important agenda item, which requires sufficient time to consider prior any decision-making. In the event that shareholders are unable to attend meetings in person, the Company shall provide the shareholders an opportunity to appoint an independent director of the Company or any other person to attend the meeting on their behalf. The Company shall enclose a proxy form together with the meeting invitation letter. The voting shall be casted in accordance with the sequence of agenda items in transparent manner. The Company shall provide the shareholders with an opportunity to exercise their rights to vote to appoint each director individually.

In addition, the Company formulates measures designed to prevent the unlawful use of inside information (insider trading) of related parties including directors, executives and employees involved in internal information as well as their spouse and minor children. The Company imposes non-trading periods on related parties during 1-month period preceding the announcement of quarterly and annual financial statements and such related parties shall wait at least 24 hours after the said information is accessible to the public. Such information shall not be disclosed to the third party.

The Company informs directors and the management of their duties to disclose the securities holding reports and the penalty as prescribed in the Securities and Exchange Act B.E. 2535 and regulations of the SET. The directors and management who trade their securities must report their securities holding in his/her company including their spouse and minor children pursuant to Section 59 of the Securities and Stock Exchange Act B.E. 2535, within 3 business days to the SEC in order to subsequently disseminate such information to the public.

Category 3 : The Role of Stakeholders

The company places importance on the rights of every group of stakeholders, regardless of whether they are inside stakeholders such as executives and employees, or outside stakeholders such as competitors, business partners and customers etc. The Company realizes that the support and receipt of opinions from every group of stakeholders will be of benefit to the operations and development of the Company's business activities. Therefore, the Company complies with the law and applicable regulations to ensure that the rights of the aforementioned stakeholders are well protected and treated. In addition, the Company promotes co-operation between the Company and its stakeholders, which will create confidence and stability for the Company under the following guidelines:

- (a) Shareholders : The Company focuses on the development and continued growth, which will result to greater revenues and profit for the Company. It adds value to the company and contributes to shareholders to receive the highest returns.
- (b) Customers : The Company realizes the quality and standard of products as well as customer service and responsibility towards customers with honest and fairness.
- (c) Business Partner : The Company's policy is to treat business partner fairly, in accordance with terms of trading and/or the terms of the agreed contracts, to ensure the good business relationship, which will benefit all parties.
- (d) Competitors : The Company promotes free and fair competition policy and shall comply with a good competition framework.
- (e) Employees : The Company's policy is to treat all employees equally and fairly, to provide appropriate welfare and other benefits as well as to support the development of their abilities and knowledge.



- (f) Community and Society : The Company places importance and commitment to community and society. The Company operates its business ethically and provides creative and beneficial activity support to society as appropriate.
- (g) Environment : The Company strictly complies with applicable environmental laws and regulations. And it establishes the guidelines, which continuously minimize impact to environment.

The Company will comply with applicable laws and regulations to ensure the rights of stakeholders have been well protected and treated.

- **Anti-Fraud and Anti-Corruption**

The Company is in the process of joining as a signatory company in Thailand's Private Sector Collective Action Coalition against Corruption, which is established by the Thai Institute of Directors Association (IOD). In addition, the Company conducts risk assessment assessing comprehensive corruption risks, for instance a preparation of fraudulent financial reports, a loss of assets, corruption, management override of internal controls, manipulation of significant reports or inappropriate acquisition and disposition of assets etc.

- **Anti-Fraud and Corruption Guidelines**

The Company has established channels of communications for any stakeholders to submit whistle-blowing, suggestions and recommendations or complaints relating to corruption as well as guidelines on giving or acceptance of gifts, assets or other benefits, entertaining or any expenses beyond authorized amounts that are not in compliance with the Company's regulations. This includes guidelines on any operations in regard to procurement. The monetary donations for charitable purposes must be performed in a transparent and lawful manner through the specified procedures of the Company.

The Company has disseminated rules and regulations relating to the business operation of the Company to all members of the Management and subsequently inform to every employee for acknowledgement and confirming their agreement, in writing, to strictly observe such rules and regulations in a correct manner.

- **Information and complaints from whistle blowers**

The Company has assigned a member of the Management to be directly responsible for receiving any information and complaints, together with a Joint Investigation Committee to assess and investigate the accuracy of such complaints in an equitable manner. The Company has also established policies on effective internal controls as well as a transparent and accountable reporting process to ensure trust and confidence of informants or complainants in the Company's assessment and investigation process. In addition, the Company has established measures to protect whistle blowers who report such suspicious fraudulent acts. There are protection measures for informants or complainants, who are employees, customers or persons assigned by the Company who will be protected in accordance with the applicable laws. These measures have been included in the Company's policies and guidelines on corporate governance.

In the event that any stakeholders have any suspicions or awareness of any possible irregular or illegal acts that are not in accordance with the applicable laws, regulations or established code of business ethics of the Company, they can submit such information or complaints, together with supporting details or evidence, to the Company's Joint Investigation Committee to verify and investigate in a fair and equitable manner.

Significant information and issues for the acknowledgement and consideration of the management should be sent to the following contact details:

The Joint Investigation Committee for fairness and equity of the Company
Thiensurat Public Company Limited
43/9 Moo 7 Soi Chuchartanusorn 4 Bangtalad Pakkret Nonthaburi 11120
Tel : 0-2819-8899 (office)
Tel : 0-2819-8888 (Customer Center)
Fax : 0-2962-6951-3
E-mail : Appeal.AC@thiensurat.co.th

Nevertheless, during the previous year, the Company has received no disputes, issues, or information of any significance to stakeholders.

Category 4 : Disclosure and Transparency

The Company establishes its policy to disclose important information relating to the Company. Both financial and non-financial information will be disclosed in an accurate, complete, timely and transparent manner through accessible channels under the principles of equality and reliability.

4.1 Internal Control and Transactions with Potential Conflicts of Interest

The Company has a policy of preventing and wiping out the potential conflicts of interest by setting up a rule that any deal and/or transaction possibly causing the conflicts of interest shall be in accordance with the rules and procedure prescribed by the Company and other related applicable laws.

The Company shall not allow the Company's directors, executives, and/or major shareholders, whichever case may be, to operate the businesses that are similar or compete with or have the connected transactions in the manner that they engage other interests against the best interest of the Company or its subsidiaries. The Company's executives and/or major shareholders, whichever case may be, must submit the reports to the Company if any of executives or major shareholders acquires some shares in a company whose business operation is similar to that of the Company or its subsidiaries in order that the Company and the Audit Committee consider whether such shareholding is against the best interest of the Company and its subsidiaries or not.

The Company values a good internal control system. The Internal Audit Department is empowered to audit the working of every working unit to prevent defects, and to ensure the work transparency. The auditing shall be done periodically, and the auditing report shall be submitted for the Audit Committee's consideration.

4.2 Disclosure of Information

The Company has determined that the disclosure of any information and any communications be a core policy of the Company. The Company promptly established an investor relations unit to represent the Company and act as a focal point to communicate and disclose information. The Company also places importance on the disclosure of information, since it is an operational aspect, which has potential impact on any decision made by investors and stakeholders. Thus it needs to be well-controlled through specific measures relating to disclosing both financial and non-financial information, in full compliance with the relevant applicable laws and regulations. Such disclosures should be made in comprehensive details that are credible and timely and in an adequate manner, both in Thai and English, through the SET Community Portal as well as the Company's website, and in full compliance with the relevant applicable laws and regulations as specified by the SEC and SET or other involved Government agencies. Further, these applicable rules and regulations need to be constantly monitored for any current applicable amendments to ensure that the Company always complies



with such applicable up-to-date regulations and to be a guarantee to shareholders that the Company operates its business in a fully transparent and straight forward manner, for instance:

- 1) Disclose financial and non-financial information in an accurate, comprehensive, and timely manner.
- 2) Prepare the report of the Board's responsibilities for the financial statements together with the auditor's report in the Company's annual report.
- 3) Determine policies relating to the required reporting by Directors and members of Management regarding their vested interests as well as those of any related persons connected with the interests of the Company and the Subsidiary Company, based on guidelines and procedures as follows:
 - Report upon initially assuming the duties of the Company Director or a member of Management
 - Report whenever there is any change in the information or status relating to their vested interests
 - Report at the end of every year
 - In case the termination of the term of office as a Director and the Director is reappointed for another consecutive term, the Director is not required to submit a report if there are no changes in his/her status relating to any vested interests.
 - Directors and members of Management are required to submit such reports (on the status of their vested interests) to the Company Secretary, who will then submit a copy to the Chairman of the Board and the Chairman of the Audit Committee within 7 working days from receiving such reports. In addition, the agenda item relating to these reports on vested interests is included for consideration by the Board of Directors Meeting every Quarter.
- 4) Disclose the procedures for selecting and proposed nomination for new Directors Appointments.
- 5) Disclose the duties and activities of the sub-committees and a record of a number of meetings attended by each committee member during the year.
- 6) Disclose the structure and nature of the business operations as well as investment in the subsidiary and associated Company.
- 7) Disclose information relating to the remuneration for each director in their individual capacity in the respective sub-committee.
- 8) Disclose the policy relating to the remuneration for directors and members of the management with details regarding the various types of remuneration and benefits received in their capacity in the respective sub-committee.
- 9) Disclose policies relating to protecting or taking care of the environment and society, together with the outputs and achievements resulting from the actions undertaken in compliance with these policies.
- 10) Report on the policies and practices relating to corporate governance and the outputs and achievements resulting from the actions undertaken in compliance with these policies.
- 11) Disclose investments in any important projects together with the impacts of such investments; whereby such disclosures are made available through the SET Community Portal and posted on the Company website to ensure that all shareholders, investors, the press and media and any involved parties are fully informed in an accurate, comprehensive and transparent manner.

The Investor Relations and Corporate Communications Unit has undertaken activities relating communication with institutional investors, general individual investors, and shareholders as well as analysts and involved government agencies on an equal and equitable basis. In any event, shareholders who wish to receive further information can directly

contact the Investor Relations and Corporate Communications Unit via email at IR@thiensurat.co.th or by telephone at 0-2819-8899 ext. 536 or 118. Various activities were undertaken whereby the management regularly meet with various individual or institutional investors and analysts in order to make presentations regarding the financial status of the Company and the Management Discussion & Analysis as well as to participate in the Opportunity Day for Investors to present the Company's operating performance results and overview for the future operating trends of the Company as follows:

- To organize activities for the management meet with general investors to inform, communicate and build an accurate understanding on the direction of the business operation and general information of the Company
- To organize company visits and to provide response and answers to analyst and investors via emails and telephone regularly.

Category 5 : Responsibilities of the Board

5.1. Structure of the Board

The Board consists of persons who are equipped with expertise and competence. The Board has a crucial role in determining the corporate policy and overseeing the work of the management as well as supervising, monitoring, and evaluating the corporate operation in accordance with the Company's plan under the principle of independence.

The current Board consists of nine directors, including, 5 executive directors and 4 non-executive directors. The Audit Committee consists of 3 independent directors, representing shareholders and safeguarding the interests of the Company in accurate and transparent manner.

Pursuant to the Company's Articles of Association, one-third of the number of directors shall retire at the annual general meeting of shareholders. If the number of directors is not a multiple of three, then the number nearest to one-third shall vacate office. The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall vacate office. The director who vacates office under this section may be re-elected.

In addition, the Board has appointed 3 sub-committees, which are the Audit Committee, the Risk Management Committee and the Executive Committee to perform specific tasks and report to the Board for its consideration or acknowledgement. Each sub-committee has clearly defined powers and duties. Duties and responsibilities of the Board and the Management are clearly separated, whereby the Board sets policy and oversees the management of the Company, the Management implements a policy as required. Therefore, the Chairman of the Board and the Chief Executive Officer are not the same person. The Board shall select the most suitable and qualified candidates to fulfill both positions.

The Board has appointed the Company Secretary who serves to provide suggestions with regard to the applicable rules and regulations that the Board must be aware of and to support the work of the Board including coordination support to ensure the implementation of the resolutions of the Board.

5.2. Roles and duties of the Board

The Board consists of persons who have diverse knowledge, skillsets, and expertise as well as executive leadership experience. The Board takes part in determining the vision, mission, strategy, policy and business direction. The Board oversees the management of the Company in accordance with applicable laws, purposes, regulations and resolutions adopted at the shareholders' meeting. In order to closely oversee the business operation, the Board has established various committees in accordance with their respective roles and duties.



9. Corporate Social Responsibility : CSR

With the strong determination of our Founder and CEO, Mr. Weerawat Changyoo, to improve Thai people's quality of living by providing clean and high quality drinking water, Thiensurat Public Company Limited has always conducted its business with social responsibility in mind. The corporate policies and activities are responsive to the expectations of all stakeholders including customers, business partners, and shareholders & investors with fairness. We also conduct the organizational management based on good corporate governance and transparency. For employees, we provide wages and compensation with the principle of fairness and happy living, in various forms of welfare and benefits programs such as provident fund, health care in excess of social security coverage, uniform, annual physical checkup, and annual company trip, etc. In addition, we encourage our employees to have work life balance with the sufficiency economy philosophy. For society and environment aspect, we encourage our employees to get involved in reduction the usage of electricity, paper, and energy by the various campaigns such as providing drinking water to reduce the usage of plastic bottles, and waste segregation and waste recycle campaign. We support our employees to join the Happy Workplace Center Program with the Office of Thai Health Promotion Foundation to work with happiness. Moreover, we take part in setting up the standard system to prevent and solve drug problems in workplace, organized by the Department of Welfare and Labor Protection of Nonthaburi Province, in which we received the certificate "White (drug free) factory " at the Golden Dragon Hotel, Nonthaburi Province.

• Corporate Social Responsibility-In-Process

With strong determination mentioned above, our CEO has developed water filtration production process and we still continuously improve our process to ensure that all processes are well monitored and tested. First, we selected raw material with "Food Grade" quality (The standard which certifies that the material can be used with food and drink, which meet legal standard). Moreover, the material has to be strong and durable. For the filtering material used in production, we selected high quality material with international standard from both domestic and overseas. For example, the selected activated carbon must have Iodine number (indicator of chemical absorption) at 1,150, which is higher than specified standard at 1,000. All filtering materials have to be certified from the Nation Sanitation Foundation (NSF). Our research and development department has sent filtered water samples to be tested the quality with external labs on a regular basis. We also have incoming quality control and our suppliers are passed a thorough selection process to ensure that only the best quality raw material are used to produce our filtration products. For the quality control process, the filtered water will be kept at five water tank with capacity of 4,000 liter each. Then the water will pass treatment process and be used for rinsing the filter material. After that, this water will be sent to sedimentation pool and only clean water will be disposed to the municipal sewer system.

All production process are certified to ISO standard (ISO9001:2000 and ISO9001:2008). Specification with clear working instruction has been created for references in process quality assurance per ISO standard.

We also emphasize in the quality of after-sale. We have customer satisfaction survey, from sales, installation, and our product quality, through our call center. After product reaches standard warranty period, which is two years or 20,000 liters, our call center will contact our customer for the replacement. The old filter material received from customer will be segregated. The good material will be treated and then sold for industrial grade filtration, and the low quality material will be passed through pressing process to be light-weight bricks for internal usage (such as for new facility building). For material that cannot be recycled will be disposed by sub-contractor expertise in waste disposal. For plastic parts, it will be recycled and sold to our business partners.

Overall Policy

Corporate Social Responsibility Policy and Guidelines

Corporate Social Responsibility (CSR) is one of the principles that Thiensurat Public Company Limited has continuously given emphasis to during our operating business because we realize that the sustained growth of the organization requires vision, mission, and capability, together with moral and work ethics and good corporate governance, which including responsibility to the community and society.

The company has set the corporate social responsibility policy to be the framework for the board of directors, executive officers, and all employees to follow with faith and confidence, to understand the principle of good corporate governance, and to aware of the responsibility to society and environment. The policy supports the development corresponding to the need of the community and society to raise the quality of living in the long run.

The Corporate Social Responsibility Report, published by Thiensurat Public Company Limited in accordance with the requirement from the Stock Exchange of Thailand, is composed of 8 dimensions as follows:

(1) Corporate Ethics

Thiensurat Public Company Limited and its subsidiary have set the policy to be responsive to the expectations of all stakeholders: internal stakeholders who are employees and executive officers, and external stakeholders, who are customers, creditors, government offices, including community, society, and environment. The policy covers not only the legal compliance but also covers any actions that violate or reduce the rights of those stakeholders. The guidelines for corporate ethics are as follows:

• Responsibility to Shareholder Policy

1. The Corporate Governance Policy has been established to increase the transparency and the confidence to shareholders and investors. Internal control and audit system has been emphasized to monitor the management efficiently conduct business with the same direction as the policy and for the highest benefit of the shareholders.

Shareholders have the rights to set business direction or decide on the matters that significantly affect to the company. The shareholder meeting is an important arena for shareholders to express their opinions, to question, to vote, and to select the committees to monitor the company on their behalf. Therefore, shareholders have legal right to attend the shareholders' meeting with sufficient time to consider and acknowledge the meeting's results.

2. Shareholders' right, to equally obtain necessary information to evaluate company's performance, will be treated with respect. Although each shareholder has unequal amount of shares and votes, all shareholders equally possess basic rights as shareholder, regardless of gender, age, race, nationality, religion, belief, social status, disability, or political opinion. The company will distribute the shareholders meeting agenda and information in advance. The company also restricts board members who have conflict of interests to exclude themselves from the meeting and other activities involved in those interests. For shareholders, the company will provide unlimited access to the disclosed business revenue, financial status, and supported information with accuracy in compliance with the requirement from The Stock Exchange of Thailand and The Securities and Exchange Commission.

3. The company will provide the system to assure all shareholders to be equally treated in the shareholders meeting.



- **Guidelines on conflicts of interest**

1. Employee must avoid the conflicts of personal interest with company's profit when contact to business partners or others.

2. Employee must fully devote themselves and their time to the company's business. In case other sideline jobs are necessary to be done outside working hours, those jobs have to fit criteria as follows:

- o It must not affect the responsible duties
- o It must neither illegal nor violates public peace and moral
- o It must not affect to company's reputation and business
- o It must not create conflict with company's benefit
- o It must not use any company's confidential

The above prohibitions are clearly stated in the operating regulation, ๓๑. 2-11/2554, topic: rules and regulation of employee's working operations, in section 7: discipline and punishment, item 3: employee's discipline.

(2) Anti-Corruption Measures

The company has set rules and regulations regarding anti-corruption. It prohibits the board members and employees from accepting corruption in any forms, direct or indirect. All employees, including their family's members, are prohibits from asking for goods, money, gift, or other benefits from customers, supplier, contractors, subcontractors, business partner, shareholders, or related party to company's business, which may affected employee's decision to dishonestly perform or avoid actions that lead to corruption or conflict of company's benefit. The above rules and regulations are clearly stated in the operation regulation, ๓๑. 2-11/2554, topic: rules and regulations of employee's working operations.

The company has pursuits the anti-corruption measures by conveying the message to directors, executive officers, and employees to ensure that all operations and processes are conducted strictly binding by laws. Employees who make mistakes in the process caused by carelessness or unawareness shall be punished by law. The company provides channels to report the violation of law or corruption with protection measures and reward for employees who report or cooperate to report the corruption. The report procedure is stated in the operation regulation.

(3) Respect for Human Rights

All human beings are equal in dignity, rights, freedom of thought and action which cannot be violated. The human right is protected by the Constitution of the Royal Kingdom of Thailand and international treaties.

Thiensurat Public Company Limited and its subsidiary conduct ourselves always with a respect for human rights. We are aware of the value in human resources and the pride of employees; therefore we promote co-operative working environment and propose career growth with equality. Employees will be continuously and thoroughly trained and developed core competency to increase business value and excellence under human resource management as follows:

- **Equality and equal opportunities**

1. Management will treat all employees with equality and respect of human dignity

2. The recruitment and selection process will be done with highest company's benefit and with moral, equality, competency, and necessity of business to acquire "good" and "capable" with the right attitude, aligned with work and organization culture. The recruitment will consider qualification, education, experience, and other requirements that are necessary to the position, without discrimination against sex, age, race, religion, or personal relationship

3. The compensation system will be based on employee's competency. The benefit and welfare will be considered based on the salary structure and economic situation. The wage increment will be considered by the business success and employee's performance and effort

4. The company supports employees to continuously develop for business core competency, management capability, and operation capability

5. The company promotes good communication atmosphere, which leads to good work relationship and increase work efficiency

6. The company supports and increases the opportunities for employees to communicate any suggestions or complaints about work conflict, welfare, and benefit through the Welfare Committee. All suggestion will be sincerely considered to find the solutions that benefit all parties and create good work relationship

7. The company supports employees at all levels to have field trips in foreign countries to discover new perspectives and adopt them with work.

● Harassment

1. Supervisors shall behave as respectable person and subordinates shall not behave without respect to supervisors

2. All employees must not harass or threaten, with verbal or action, to others on the basis of race, religion, age, disability, and mental

(4) Fair operating practices

The company believes in the power of all employees to drive the organization to the vision and mission with efficiency and in accordance with business strategy. Therefore, we recruit and select new employees with knowledge, capability, skill, good attitude, and readiness to join the company. In addition, we also retain and develop our current employees to increase their knowledge, capability, and skill with ability to work as a team to efficiently and effectively drive to company's goal. We always emphasize on our employees to work happily with love and pride to be part of our organization.

● Compensation, Benefit, and Welfare

The company provides wages and compensation with the principle of fairness and happy living, in various forms of welfare and benefits programs such as provident fund, health care in excess of social security coverage, uniform, annual physical checkup, and annual company trip, etc. In addition we encourage our employees to have work life balance with the sufficient economy philosophy.

● Rights and Freedom of an individual

The company recognized the importance of protecting human dignity, rights, and liberties by conducting our business without participating in any human rights violation, including treating all employees with equality. We offer opportunity for employees to submit written complaints to supervisors. We provide a suggestion box to allow the employees to express their opinions and complaints. The Welfare Committee will present those opinions, suggestions, and complaints to executive officers in the monthly meeting with employees.

● Development or employee's potential

The company has a process to systematically develop employees at all levels, such as coaching, motivating, mentoring, and on the job training. This process also promotes the participation of employees to make them feel as part of the organization.



- **Contribution to community and society**

The company support and encourage employees to contribute to activities for society and environment by establishing a policy for each department and branch around the country to participate in showing the power or goodwill, repaying and helping the society and community locally and nationally. The Corporate Social Responsibility Committee is organized to overview CSR projects, under the slogan “Thiensurat sharing to society”.

(5) Responsibility to consumers

In addition to practices in compliance with law, Thiensurat Public Company Limited and its subsidiary also have the policy for all employees to operate with business ethics involving customers and business partners as follows:

- **Customers**

1. The company commits to strictly comply to customers’ terms and conditions with fairness and trustworthiness
2. The company commits to provide complete, accurate and timely information and continuously promote customer communication and relation

- **Partners and contractors**

1. The company commits to procure products and services with standard based on the principle of equal competition. We have the guidelines for evaluating and selecting partners and contractors, including proper contract form and managing system to monitor fraud and misconduct in each procurement process. In case of foreseeing a contract breaching, negotiation with partners has to be made in advance to find mutual solution and to prevent any damage. We also have guidelines for on-time payment to partners and contractors within agreed payment terms.

2. The company commits to develop and maintain long lasting relationship with partners and contractors with clear objectives in the cost-effective products and services, technical quality, and mutual trust.

3. The company prohibits all employees to ask for or receive any benefits with dishonest from partners and contractors.

(6) Environmental Management

The company recognizes the importance of energy saving and environmental protection. Therefore, we conduct campaigns for environment management as follows:

1. We promote the usage of highest efficient electrical equipment
2. We properly handle returned filter material by segregating good and low quality filter material.

The good material will be treated and then sold for industrial grade filtration, and the low quality material will be passed through pressing process to be light-weight bricks for internal usage (such as for new facility building). For material that cannot be recycled will be disposed by sub-contractor expertise in waste disposal.

3. We closely monitor the disposed water quality to meet the waste water standard, announced by the Industry Department because our four factories are located close to communities

(7) Community and Society Development

The company recognizes the importance of conducting business based on work ethics and morality, together with assisting and building sustainable Thai society. We anticipated the need of clean and healthy drinking water

in the communities located in rural area. Therefore, we joined the project “Good Sanitary to celebrate 60th birthday anniversary of HRH Princess Maha Chakri Sirindhorn” by donating 60 water filtration systems, model P-Health. We recognize the importance of the youth; therefore, we sponsored gifts for children on Children’s day party held at Samakki Place village community in Nonthaburi Municipal of Nonthaburi province and Tonson 2 community, Pakkred, Nonthaburi province, which both of them are located near close to the company. Furthermore, during the heavy flood, we donated supply items to flood victims and offered free of charge cleaning service of filter and free filler to our customers in the flood area.

(8) Innovation

The determination to fulfill happiness and increase quality of life of Thai people drives our organization to innovate new products and services by research and development to response to the needs and the rapid changes in environment.

• Activities contributed to society and environment (CSR-After-Process) in the past year

The company organized activities, which performed apart from the regular business activities, to support and encourage all employees to participate in those activities for society and environment by establishing a policy for each department and branch around the country to participate in showing the power or goodwill, repaying and helping the society and community locally and nationally as follows:

1. Community Development

- The company and its employees have annual merit charity event on the day before Buddhist lent day at Wat Sai Ma Tai, Amphur Muang, Nonthaburi Province
- The company donated a water filtration system to the Cholprathan Songkroa School worth 48,000 THB



- The company and its employees jointly donated supply goods to help flood victims at Tambon Yodhaya, Amphur Nampreiw, Chachoengsao Province and Tambon Bangyang, Amphur Baansang, Prachinburi Province.



- The company donated piggy banks as gifts for children on the Children’s Day to the community in the vicinity of the company such as the Samakki Place Community, Nonthaburi Municipal and Ton Son 2 Community, Amphur Pakkred, Nonthaburi Province





- The company participated in the luncheon given to women and children, and donated 3 Safe water filters model “Power Health” and money to the Don Mueng Women Status Promotion Association



- The company donated a Safe water filter model “Power Health” to Pak Kred district office to be exhibited in “The Best of Nonthaburi” event, held at Central Plaza Department Store, Rattana Thibeth. Afterward, it was used in the district office to provide clean drinking water to visitors

2. Public Health

- In 2013 the company and its employees organized blood donation activity for Siriraj Hospital at the company’s office, and this activity is still ongoing to the present
- The company sponsored the projects of the Department of Health to celebrate the 60th birthday anniversary of HRH Princess Maha Chakri Sirindhorn during 2014-2015 as follows:

1) The company joined press conference of the network for funding health projects to celebrate the 60th birthday anniversary of HRH Princess Maha Chakri Sirindhorn and donated 30,000 THB to “The Development of Children and Youth in Rural Area Fund” at the Promenade Shopping Center

2.) The company donated 60 of water filtration systems worth 45,000 THB to schools in rural area



3. Others

- The company donated 20 of water filters model “P-Health” worth 150,000 THB to support “Sharing together for the Red Cross” projects in 2014, held by Nonthaburi Province and the Red Cross of Nonthaburi Province
- The company donated 3,000 bottles of TSR drinking water to Bangkradi municipal to be given to the participants of the Walk-Run Charity Event to honor the King’s birthday 5th of December held by Bangkradi municipal, Amphur Muang, Phatumthani Province.

News and Photo of CSR can be found on the website www.thiensurat.co.th under “social responsibility”

Thus the company is willing to help our society, please contact activity for society section, Thiensurat Public Company Limited, Tel. 02-819-8899 ext. 536 or 118 or e-mail: IR@thiensurat.co.th

10. Internal Control and Risk Management

10.1 Internal Control System

The Company's directors and management are directly responsible for arranging and maintaining the internal control system, which covers several areas including the financial control, the operation, the corporate governance and the risk management. Hence, the Company's Board of Directors authorize the Audit Committee to review and ensure that: i) the Company presents accurate and sufficient financial reports; ii) the Company sets up appropriate and effective internal system; iii) the Company assesses and manages risks appropriately; and iv) the Company operates business in compliance with the securities and stock exchange laws as well as the rules and regulation set by the Stock Exchange of Thailand and any laws that are relevant to the Company's business.

The Company completed a written guidebook on credit limits and approval authority. The guidebook shall be referred to as a guideline on scopes of responsibilities, decision making authorities and ordering authorities for different positions. The Company reviews the written guidebook annually and fine-tunes it to suit the future business circumstances.

An independent internal auditor is responsible for the review of the Company's internal control system, ensuring that the Company follows rules and regulations. **The Company has appointed IVL Auditing Co, Ltd. as an independent internal auditor since 2012.** The auditing company carried out the auditing and assessing the Company's internal control system. Taking into account the suggestions provided by the independent auditor, the Company continued to improve its internal control system.

In the Audit Committee's meeting No. 2/2014 held on 26 February 2014 in the presence of all three independent directors who were also members of the Audit Committee, the Company's internal control system was evaluated through the inquiries with the management as well as the outside independent auditor. The evaluation results showed that the Company's internal control was comprised of five key areas, which were significant to the efficiency and effectiveness of the internal control system:

- 1) Organization and environment
- 2) Risk management
- 3) Control over management's performance
- 4) Information and communication systems
- 5) The monitoring system

In terms of the internal control, risk assessment, operational control, information and communication systems and the monitoring system, the Committee opined that the Company had appropriate and sufficient internal control system. The Company appointed adequate personnel who were able to effectively carry out operation under various systems. In addition, the Company had the internal control system to oversee the operation of both the Company and its subsidiary, preventing directors or management from using the Company and its subsidiary's assets in improper or unauthorized ways or involving in transactions with conflicts of interests. Regarding the internal control on other areas, the Committee also viewed that the internal control was adequate. However, the Committee requested that the Company complete the ongoing improvement program for the information system in order that the Company could work faster and more effectively, with performance being easily reviewed.

The preliminary opinions of the Audit Committee based on the enquiries with the management generally suggested that the Company's internal control system was adequate and in line with the evaluation form of the internal



control system designed by the Office of Securities and Exchange Commission, especially for the part about the internal control on transactions related to major shareholders, directors, management and related parties (i.e., Items 3.3 to 3.7 of the evaluation form assessing the adequacy of the internal control system). Moreover, the Company's authorized auditor, D I A International Co., Ltd, who audited the Company's 2014 financial statement, opined in the audit report that the Company's consolidated financial statement and separate financial statement accurately presented the financial position and separate financial position of the Group and the Company, respectively. As of 31 December 2014, the Company's consolidated earnings performance and separate earnings performance and consolidated cash flows and separate cash flows were accurate, under the standard of financial reports.

10.2 The Company's internal control system

The Company appointed an independent internal auditor to review the operation of various departments within the Company and the subsidiary. The independent internal auditor is also in charge of completing an internal control report to be presented to the Audit Committee in each meeting. The Audit Committee reviews the internal report, together with the independent auditor and provides suggestions about necessary points for improvement of the independent internal auditor's policies as well as for enhancement of the Company's internal control system. The Audit Committee convenes at least four times annually and the audit report is submitted for the Board of Directors' review and, once reviewed, the audit report is publicized in the Company's annual report.

10.3 The head of internal control and the head of corporate governance

The Audit Committee's meeting No. 2/2013 held on 26 February 2014 appointed IVL Auditing Co. Ltd. to oversee the Company's internal auditing, effective on 26 February 2014. The IVL Auditing Co., Ltd was the major company overseeing the Company's internal auditing in 2014.

Examining the qualifications of IVL Auditing Co., Ltd., the Audit Committee viewed that auditing company is qualified for being the Company's internal auditor given the auditing company is independent and possesses extensive experience in the auditing for a number of SET-listed companies.

11. Related Party Transactions

Related party transactions between the Company ("TSR") and its subsidiary or between subsidiary and subsidiary, occurred in 2013 and 2014, are shown in the notes to the consolidated financial statements. Major related party transactions between TSR and its subsidiary with persons/companies that may have conflicts of interest are summarized as follows:

11.1 Details of persons and companies that may have conflicts of interest

Persons / companies that may have conflict of interest, which conducted business transactions with TSR and/or its subsidiary	Nature of Business	Relationship
1. Better Dreams Company Limited	Import and sale of health products (main business)	As at 31 December 2014 <ul style="list-style-type: none"> Had common major shareholders as TSR, i.e., Changyoo Group* which owned 100% of Better Dreams Co., Ltd.'s authorized and paid-up share capital Was a major shareholder of TSR - Better Dreams Co., Ltd. held 25.50% of TSR's authorized and paid-up share capital Had common three directors as TSR, i.e., Mr. Werawat Changyoo, Ms. Theinvanee Changyoo and Ms. Savita Changyoo
2. Ideal Water Company Limited	Manufacture and sale of magnesium water	As at 31 December 2014 <ul style="list-style-type: none"> Had common major shareholders as TSR, i.e., Changyoo Group which owned 100% of Ideal Water Co., Ltd.'s authorized and paid-up share capital Had common three directors as TSR, i.e., Mr. Werawat Changyoo, Ms. Theinvanee Changyoo and Ms. Savita Changyoo
3. Mr. Sahas Treetipbut	-	<ul style="list-style-type: none"> Chairman of the Board of Directors of TSR
4. Mr. Werawat Changyoo	-	<ul style="list-style-type: none"> A major shareholder of TSR - as at 31 December 2014, Mr. Werawat Changyoo owned 20.88% of TSR's authorized and paid-up share capital, and Changyoo Group held 68.54% of TSR's authorized and paid-up share capital Director/Chairman of the Executive Committee of TSR
5. Mr. Asawin Changyoo	-	<ul style="list-style-type: none"> A major shareholder of TSR - as at 31 December 2014, Mr. Asawin Changyoo owned 1.10% of TSR's authorized and paid-up share capital, and Changyoo Group held 68.54% of TSR's authorized and paid-up share capital Executive Committee/Deputy Managing Director – Legal Group/Member of Risk Management Committee
6. Ms. Theinvanee Changyoo	-	<ul style="list-style-type: none"> A major shareholder of TSR - as at 31 December 2014, Ms. Theinvanee Changyoo owned 6.66% of TSR's authorized and paid-up share capital, and Changyoo Group held 68.54% of TSR's authorized and paid-up share capital Director/ Executive Committee/Deputy Managing Director – Business Support Group/Member of Risk Management Committee



Persons / companies that may have conflict of interest, which conducted business transactions with TSR and/or its subsidiary	Nature of Business	Relationship
7. Mr. Tanatnan Pomstrong (in place of Mr. Pittaya Jitmase)**	-	<ul style="list-style-type: none"> Finance and Accounting Manager
8. Office Mate Public Company Limited	-	As at 31 December 2014 <ul style="list-style-type: none"> Had a common director as TSR, i.e., Mr. Sahas Treetipbut
9. Internet Thailand Public Company Limited	-	As at 31 December 2014 <ul style="list-style-type: none"> Had a common director as TSR, i.e., Mr. Sahas Treetipbut

* Additional information is available in the Heading "Listing Securities and Shareholding Structure" – Changyoo Group and Changyoo Family

11.2 Related party transaction between TSR and its subsidiary with related persons/companies for the year ended 31 December 2013 and 2014

11.2.1 Transactions that will be constantly occurred in the future : Details of the transactions that may be regularly happened are presented below:

11.2.1.1 Purchase/sale of goods and services

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
1. Better Dreams Company Limited	<u>1.1 Revenues from the appointed product distributor :</u> TSR appointed Better Dreams Co., Ltd. as product distributor.	0.25	-0-	Cost plus pricing
	<u>1.2 Revenues from system rental :</u> TSR rented out the information system to Better Dreams Co., Ltd..	0.24	0.24	Proportionate price based on actual cost incurred
2. Ideal Water Company Limited	<u>2.1 Expenses from the appointed water distributor :</u> Safe Trade International Co., Ltd. was appointed by Ideal Water Co., Ltd. as distributor to sale water to TSR's customers.	0.30	0.43	Cost plus pricing
	<u>Outstanding Balances</u>	0.02	0.02	
	<u>2.2 Expenses from purchase of water :</u> TSR purchased water from Ideal Water Co., Ltd. for its internal use and selling to its employees.	0.01	0.13	Regular price as Ideal Water Co., Ltd. normally charged to Safe Trade International Co., Ltd.
	<u>Outstanding Balances</u>	0.01	-0-	

Related Party Transactions

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
3. Mr. Sahas Treetipbut	<u>Expenses on consulting services for information technology</u> : TSR hired a consultant, Mr. Sahas Treetipbut, who has expertise and knowledge in information technology, human resources and marketing management, to provide the consulting services related to his expertise, which is necessary in the success of TSR's operations.	1.80	2.40	Contract price which is regular price charged by a third party.
4. Executives	<u>Revenues from sales of goods</u> : TSR had revenues from sales of goods to its directors and executives, i.e., Mr. Werawat Changyoo, Mr. Asawin Changyoo, Ms. Theinvannee Changyoo, Mr. Ekarat Changyoo, Ms. Savita Changyoo, Mr. Paitoon Homchan, Mrs. Pattaranoot Thananiran, Mr. Siripat Sahamethapat and Mr. Pittaya Jitmase ** <u>Outstanding Balances</u>	0.04 0.01	0.11 0.06	Price based on TSR's announcement on employees' welfare
5. Ms. Theinvannee Changyoo	<u>Purchase of top-up vending machine</u> : Ms. Theinvannee Changyoo entered into a hire purchase agreement of mobile phone card top-up vending machine. The machine is located at TSR's head office for employee use. The ownership over the machine was transferred to TSR in June 2013 with free of charge.	-0-	-0-	Regular price: to support TSR's operations and for employee use
6. Office Mate Public Company Limited	<u>Purchase of office equipment</u> : TSR purchased office equipment from Office Mate Public Company Limited <u>Outstanding Balances</u>	0.30 0.02	0.19 0.01	Regular price as Office Mate Public Company Limited normally charged to other clients
7. Internet Thailand Public Company Limited	<u>Device and Internet expenses</u> : TSR leased the Internet and related devices from Internet Thailand Public Company Limited <u>Outstanding Balances</u>	0.31 -0-	0.03 0.03	Regular price as Internet Thailand Public Company Limited normally charged to other clients

** Additional information is available in the Heading "Management Structure and Information of Directors and Executive Officers and Authorized Person of the Company"

11.2.1.2 Acquisition and disposal of fixed assets

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
1. Better Dreams Company Limited	<u>2.1 Purchase of vehicle</u> : TSR purchased vehicles from Better Dreams Co., Ltd.	-0-	0.12	Comparable to market price



11.2.1.3 Land and building rental

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
1. Better Dreams Company Limited	<u>1.1 Revenues from head office rental</u> : TSR gave its head office for rent to Better Dreams Co., Ltd.	0.14	0.16	Comparable to market price in the vicinity.
	<u>1.2 Revenues from factory rental</u> : TSR gave its factory for rent to Better Dreams Co., Ltd..	0.08	0.08	Comparable to market price in the vicinity.
2. Ideal Water Company Limited	<u>2.1 Revenues from factory rental</u> : TSR gave its factory for rent to Ideal Water Co., Ltd..	0.12	0.12	Comparable to market price in the vicinity.

11.2.2 Transactions that will no longer arise in the future :

The Company has no plan to conduct the following transactions, which occurred prior to IPO, in the future. In case TSR is required to conduct such transactions, it is mandatory to obtain the Audit Committee's approval prior to execution. Details of the transactions are as follows:

11.2.2.1 Purchase/sale of goods and services

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
1. Better Dreams Company Limited	<u>1.1 Revenues from sales of raw materials</u> : TSR sold raw materials to Better Dreams Co., Ltd. for manufacturing.	0.01	-0-	- For purchased material: selling price is comparable to market price - For manufactured material : selling price is a cost plus pricing.
	<u>1.2 Revenues from sales of diesel fuel</u> : TSR sold diesel fuel to Better Dreams Co., Ltd. for transportation.	0.06	-0-	Regular price as normally charged to TSR's employees
	<u>1.3 Expenses for production of artwork</u> : Safe Trade International Co., Ltd. hired Better Dreams Co., Ltd. for production of artwork.	0.01	-0-	Price mutually agreed between Safe Trade International Co., Ltd. and Better Dreams Co., Ltd.

Related Party Transactions

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
	1.4 Collection fee : TSR paid collection fee on behalf of Better Dreams Co., Ltd.	0.01	-0-	Agreed price (TSR paid the collection fee for employees.)
2. Ideal Water Company Limited	2.1 Purchase of fixed assets : TSR purchased machines from Ideal Water Co., Ltd.	-0-	0.10	Price mutually agreed between Ideal Water Co., Ltd. and TSR

11.2.2.2 Guarantees for borrowings

Guarantees for the Group's credit facilities with various financial institutions are presented below:

Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
1. Mr. Werawat Changyoo	Domestic short-term and long-term borrowings of TSR were guaranteed by Mr. Werawat Changyoo, a director.	365.16	345.46	Under regular terms and conditions of borrowings from financial institutions. The director did not receive any compensation from the Company for such guarantees.
2. Mr. Werawat Changyoo, Mr. Asawin Changyoo and Ms. Theinvanee Changyoo	TSR's hire purchase agreements for vehicles were guaranteed by Mr. Werawat Changyoo, Mr. Asawin Changyoo and Ms. Theinvanee Changyoo, the Company's directors.	81.49	100.16	Under regular terms and conditions of borrowings from financial institutions. The directors did not receive any compensation from the Company for such guarantees.



Affiliates	Description of transactions	Transaction Amount (Million Baht)		Pricing Policy
		2013	2014	
3. Mr. Werawat Changyoo	Domestic long-term borrowings of Mr. Werawat Changyoo, a director, were guaranteed by TSR.	-0-	-0-	Under regular terms and conditions of borrowings from financial institutions. Note: This transaction occurred prior to IPO. The guarantee had been terminated since August 2013.
4. Better Dreams Company Limited	Domestic long-term borrowings of Better Dreams Co., Ltd. were guaranteed by TSR.	-0-	-0-	Under regular terms and conditions of borrowings from financial institutions. Note: This transaction occurred prior to IPO. The guarantee had been terminated since July 2013.

Necessity of and Justification for connected transactions

In case the Company or the subsidiary ink any contracts or any connected transactions occur among the Company, the subsidiary and/or outsiders. The Company will consider whether the transactions are necessary and appropriate, taking into account the Company's benefits.

11.3 Measures or procedure for approval of connected transactions

The Company sets procedure for approval of connected transactions in compliance with the laws about securities and the Stock Exchange as well as the regulations, announcements, orders of the Securities and Exchange Commission and the Stock Exchange of Thailand. Any directors or individuals that may involve in conflicts of interests in a connected transaction shall have no right to have a vote on approval of the transaction.

11.4 Future Policies or Potential Connected Transactions

For any potential connected transactions, the Company's directors shall comply with relevant rules. A director has no right to have a vote on approval of any transaction that he or she may involve in conflicts of interests. In addition, any transactions with potential conflicts of interests shall be informed to the Company's Board of Directors for approval.

Moreover, the Audit Committee shall provide their opinions in regard to the appropriateness of the connected transactions with possible conflicts of interests. If the members of the Audit Committee have no expertise in those particular transactions, the Company will seek opinions from independent experts, e.g., an auditor, an independent asset appraiser. The opinions from the independent experts shall be used as part of a decision making process of the Board of Directors and/or shareholders, whichever the case may be, in order to insure that the connected transactions are not intended to transfer or exchange benefits between the Company and related individuals and that they are aimed at maximizing the benefits for all shareholders.

- Normal transactions or transactions aimed at supporting the Company's core business, with general trade terms and conditions, include services, sale and purchases of products. The Company has a policy to set terms and conditions of connected transactions based on the normal trading at the market prices. The prices are comparable to the prices offered for outsiders and all parties seriously follow the terms and conditions in the agreement. The pricing and conditions are transparently and fairly set, not enabling anyone to exchange or transfer benefits. The independent internal auditor is in charge of reviewing the information and completing a report to be submitted to the Audit Committee. The report shall indicate the appropriateness of the prices and the justification of the transactions on a quarterly basis.
- Normal transactions and transactions aimed at supporting the Company's core business, without general trade terms, and other related transactions include leases of offices and financial aids, e.g., borrowing, guaranteeing and etc. The Company has a policy to propose such transactions to the Board of Directors' meetings for approval. The Audit Committee shall be present in the meeting and provide their opinions in regard to the justification and the necessity of such transactions before the Company can proceed with such transactions. In addition, the Company shall comply with relevant laws about securities and the stock market and the rules, announcements, orders or regulations of the Stock Exchange of Thailand. The Company also follows the rules about disclosure of connected transactions and the acquisitions and disposal of major assets of the Company or subsidiaries (if any). The Company also complies with the accounting standard in regard to the disclosure of information about individuals or connected transactions; the accounting standard is announced by Federal of Accounting Profession. Note that the Company discloses the connected transactions in the footnote to financial statement of the Company as well as in the 56-1 form and the annual report.

The future connected transactions will include those aimed at supporting the Company's core business transactions, e.g., selling and buying products. Also, in the future the Company may need to provide further assistance to its subsidiary in terms of the deposit guaranteeing and/or lending. Any potential transactions shall be completed with transparency and strictly in compliance with the regulations of the Securities and Exchange Commission and other agencies.



12. Financial Highlights

12.1 Financial Statements

12.1.1 Auditor's opinion

Auditor's report on financial statements of Thiensurat Public Company Limited and its subsidiary for the years ended 31 December 2013 and 2014.

Financial Statements for the year ended December 31, 2014

Auditor

Mrs. Suvimol Krittayakiern
CPA (Thailand) Registration No. 2982
D I A INTERNATIONAL AUDIT CO., LTD

Opinion

The auditor is of the opinion that the Company's financial statements present fairly, in all material respects, the financial position of the Company, its financial performance and cash flows in accordance with the Thai financial reporting standards.

12.1.2 Financial Summary

Thiensurat group ("the Group") comprises Thiensurat Public Company Limited and Safe Trade International Company Limited ("its subsidiary"). The Group had gone through business restructuring program during 2012 - the Company increased percentage of ownership in its subsidiary from 25% to 100%, on 27 September 2012. Therefore, for the sake of comparability, the consolidated financial statements for the years ended 31 December 2012, 2013 and 2014 had been prepared by including the financial statements of its subsidiary in which the Company had a power to control such company. Balances and transactions between the Company and its subsidiary had been eliminated from the consolidated financial statements on the controllable date.

The consolidated financial statements were audited and reviewed by the SEC approved auditor.

Consolidated financial statements of the Company and its subsidiary for the years ended 31 December 2012, 2013 and 2014

(1) Statements of Financial Position

Assets	As of 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Assets						
Cash and cash equivalents	24.86	3.3	8.19	1.0	8.18	0.8
Temporary investment	-	-	-	-	20.00	1.8
Hire purchase receivables	280.93	37.7	263.20	33.6	364.26	33.6
Trade accounts receivable and other receivables	17.22	2.3	12.88	1.6	30.59	2.8
Current portion of long term receivable transferred	12.00	1.6	15.57	2.0	15.05	1.4
Inventories	45.97	6.2	52.91	6.8	59.85	5.5
Total Current Assets	380.98	51.1	352.75	45.1	497.92	46.0

Financial Highlights

Assets	As of 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Non-current assets						
Hire purchase receivables due over 1 year	-	-	-	-	1.23	0.1
Receivable transferred due over 1 year	20.44	2.7	23.17	3.0	20.32	1.9
Restricted bank deposits	5.84	0.8	0.16	0.0	96.20	8.9
Investment properties	59.59	8.0	59.19	7.6	58.94	5.4
Property, plant and equipment	260.93	35.0	332.99	42.6	387.34	35.8
Intangible assets	7.58	1.0	7.06	0.9	10.90	1.0
Deferred tax assets	9.28	1.2	6.28	0.8	8.72	0.8
Other non-current assets	0.95	0.1	0.80	0.1	1.48	0.1
Total non-current assets	364.60	48.9	429.65	54.9	585.13	54.0
Total assets	745.58	100.0	782.41	100.0	1,083.05	100.0

Liabilities and shareholders' equity	As of 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	138.54	18.6	80.62	10.3	21.26	2.0
Trade accounts payable and other payables	78.27	10.5	70.61	9.0	79.62	7.4
Current portion of long-term debt	21.32	2.9	25.86	3.3	22.61	2.1
Current portion of liabilities under financial lease	13.20	1.8	19.61	2.5	24.13	2.2
Accrued income tax	22.89	3.1	5.85	0.7	12.60	1.2
Total current liabilities	274.21	36.8	202.56	25.9	160.22	14.8



Liabilities and shareholders' equity	As of 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Non-current liabilities</u>						
Long-term loans from financial institutions	66.40	8.9	62.20	8.0	57.95	5.4
Liabilities under financial lease	28.80	3.9	37.10	4.7	40.04	3.7
Employee benefit obligations	13.87	1.9	15.94	2.0	16.75	1.5
Total non-current liabilities	109.07	14.6	115.25	14.7	114.74	10.6
Total liabilities	383.28	51.4	317.81	40.6	274.96	25.4
<u>Shareholders' equity</u>						
Share Capital						
2.33 million common shares of Baht 100 each	233.00					
344 million common shares of Baht 1.00 each			344.00		344.00	
Issued and paid - up share capital						
2.33 million common shares of Baht 100 each	233.00	31.3				
258 million common shares of Baht 1.00 each			258.00	33.0		
344 million common shares of Baht 1.00 each					344.00	31.8
Premium on common share capital					206.77	19.1
Premium on share-based payments	-	-	10.25	1.3	10.25	0.9
Difference of changes in investment proportion in subsidiary	(1.35)	(0.2)	(1.35)	(0.2)	(1.35)	(0.1)
Retained earnings						
Appropriated legal reserve	2.80	0.4	5.93	0.8	10.46	1.0
Unappropriated	127.85	17.1	191.77	24.5	237.96	22.0
Total owners of the Company	362.30	48.6	464.60	59.4	808.10	74.6
Non-controlling interests	0.00	0.0	0.00	0.0	0.00	0.0
Total shareholders' equity	362.30	48.6	464.60	59.4	808.10	74.6
Total liabilities and shareholders' equity	745.58	100.0	782.41	100.0	1,083.05	100.0

(2) **Statements of Comprehensive Income** (Reclassification of Revenues, Costs and Expenses - Additional information is available in the Heading “13.1.1.2 Reclassification of Revenues, Costs and Expenses”)

	For the year ended 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Revenues from sales of goods	939.58	89.0	902.25	89.1	996.83	88.6
Realized interest under hire purchase	116.14	11.0	110.06	10.9	128.42	11.4
Total revenues	1,055.72	100.0	1,012.31	100.0	1,125.25	100.0
Costs						
Cost of sales	(183.37)	(17.4)	(174.66)	(17.3)	(201.33)	(17.9)
Financial costs	(16.02)	(1.5)	(13.51)	(1.3)	(6.51)	(0.6)
Total costs	(199.39)	(18.9)	(188.17)	(18.6)	(207.84)	(18.5)
Gross profit	856.33	81.1	824.14	81.4	917.41	81.5
Other income	28.23	2.7	17.47	1.7	35.30	3.1
Profit before expenses	884.56	83.8	841.62	83.1	952.71	84.7
Expenses						
Selling expenses	(553.02)	(52.4)	(524.93)	(51.9)	(564.33)	(50.2)
Administrative expenses	(138.64)	(13.1)	(168.28)	(16.6)	(191.16)	(17.0)
Bad debt and doubtful accounts	(71.58)	(6.8)	(59.61)	(5.9)	(81.53)	(7.2)
Total expenses	(763.24)	(72.3)	(752.82)	(74.4)	(837.02)	(74.4)
Profit before income tax	121.32	11.5	88.80	8.8	115.70	10.3
Income tax expenses	(28.73)	(2.7)	(21.75)	(2.1)	(21.97)	(2.0)
Profit for the year	92.59	8.8	67.05	6.6	93.72	8.3
Attributable to:						
Owners of the Company	86.24		67.05		93.72	
Non-controlling interests	6.35		0.00		0.00	
Earnings per share						
Basic earnings per share (Baht)	0.40		0.27		0.31	
Number of weighted average of common shares (million shares) *	233.00		251.22		304.89	

Note : * During 2013, the Company changed the par value of the ordinary shares from THB 100 per share to THB 1 per share. Therefore, for the comparability of financial statements over time, the Company presented weighted average number of ordinary shares at the par value of THB 1 per share.



(3) Statements of Cash Flows (Consolidated Financial Statements)

Cash flows from operating activities (Million Baht)	For the year ended 31 December		
	2012	2013	2014
<u>Cash flows from operating activities</u>			
Profit before income tax	121.32	88.80	115.70
Adjustments to net profit to cash receipt (disbursement)			
From operation activities			
Depreciation and amortization	17.44	17.04	21.63
Bad debt and doubtful accounts	71.58	59.61	81.53
Loss from inventories devaluation (Reversal)	0.55	0.70	(0.22)
Reverse for goods returned – cash selling	-	0.62	0.26
Loss from impairment of assets	0.04	-	0.25
Loss from disuse of assets	-	-	0.05
(Gain) on sales from assets	(12.55)	(1.22)	(0.21)
Provision for employee benefit	5.88	2.35	1.24
Interest expenses	16.02	13.51	6.51
Premium on share-based payments	-	10.25	-
Profit from operations before changes in operating assets and liabilities	218.26	191.65	226.73
(Increase) Decrease in changes in operating assets			
Hire purchase receivable	(46.66)	(41.90)	(183.72)
Trade account receivable and other receivables	1.59	3.72	(18.06)
Receivable transferred	16.73	(6.29)	3.37
Inventories	(18.60)	(7.65)	(6.71)
Other non-current assets	0.03	0.15	(0.68)
Increase (Decrease) in changes in operating liabilities			
Trade accounts payable and other payables	(22.64)	(7.65)	6.08
Employee benefit obligations paid	-	(0.27)	(0.44)
Cash received (paid) from operation	150.73	131.75	26.56
Interest expenses paid	(16.03)	(13.51)	(6.69)
Income tax paid	(30.25)	(35.78)	(17.66)
Net cash provided by (used in) operating activities	104.45	82.46	2.21

Investing and Financing Activities (Million Baht)	For the year ended 31 December		
	2012	2013	2014
<u>Cash flows from investing activities</u>			
Cash received (paid) in restricted bank deposits	(0.26)	5.67	(96.04)
Cash received (paid) from temporary investment	-	-	(20.00)
Payment for investment in subsidiaries	(3.00)	-	-
Cash received from sales of equipment	6.29	1.79	0.33
Proceeds from sales of investment properties	11.60	-	-
Cash paid for purchasing land, building and equipment	(40.08)	(88.53)	(57.96)
Cash paid for purchasing of intangible assets	(0.90)	(0.22)	(4.67)
Net cash provided by (used in) investing activities	(26.35)	(81.28)	(178.34)
<u>Cash flows from financing activities</u>			
Cash received (paid) in bank overdrafts and short-term loans from financial institutions	(39.11)	(57.92)	(59.36)
Decrease in short-term loan from related parties	(3.68)	-	-
Cash received from long-term loans from financial institutions	30.00	39.00	20.30
Cash paid for long-term loans from financial institutions	(24.61)	(38.65)	(27.80)
Liabilities under financial lease	(14.70)	14.71	(6.78)
Cash received from common shares	-	25.00	86.00
Dividend paid	-	-	(43.00)
Dividend paid in subsidiary on non-controlling interests	(3.37)	-	-
Cash received from premium on common share capital	-	-	206.77
Net cash provided by (used in) financing activities	(55.47)	(17.86)	176.13
Net increase (decrease) in cash and cash equivalents	22.63	(16.68)	(0.01)
Cash and cash equivalents, beginning of the year	2.23	24.86	8.19
Cash and cash equivalents, end of the year	24.86	8.19	8.18



(4) Financial Ratios

Financial Ratios		For the year ended 31 December		
		2012	2013	2014
<u>Liquidity Ratios</u>				
Liquidity ratio	Time	1.39	1.74	3.11
Quick ratio	Time	1.22	1.48	2.73
Liquidity of Cash Flow from Operation	Time	0.34	0.35	0.01
Account receivable turnover	Time	3.32	3.41	3.34
Average collection period	Day	108.40	105.44	107.76
Inventory turnover	Time	15.63	8.97	9.21
Average sale period	Day	23.03	40.13	39.08
Account payable turnover	Time	7.30	11.30	11.59
Average payment period	Day	49.30	31.86	31.07
Cash cycle	Day	82.13	113.71	115.77
<u>Profitability Ratios</u>				
Gross profit margin	%	81.11	81.41	81.53
Operating profit margin	%	8.82	7.05	7.14
Cash to profitability	%	112.20	115.61	2.75
Realized interest under hire purchase ratio	%	39.59	40.45	40.93
Interest rate paid (Borrowings)	%	5.77	5.47	3.33
Variance on interest receipt (paid) ratio	%	33.82	34.98	37.61
Net profit margin	%	8.77	6.62	8.33
Return on equity	%	29.01	16.22	14.73
<u>Efficiency Ratios</u>				
Return on assets	%	12.87	8.78	10.05
Return on fixed assets	%	44.00	28.32	32.03
Assets turnover	Time	1.47	1.33	1.21

Financial Highlights

Financial Ratios		For the year ended 31 December		
		2012	2013	2014
<u>Financial Ratios</u>				
Debt to equity	Time	1.06	0.68	0.34
Interest bearing debt to equity	Time	0.74	0.49	0.21
Interest coverage	Time	8.93	8.23	4.67
Cash flow coverage	Time	1.11	0.46	0.01
Dividend payout *	%	-	41.39	18.97

Note : * Board of Directors of the Company held on February 27, 2015 approved the dividend payment, from retain earnings of year 2014, in the form of stock and cash dividend in the total amount not more than THB 57.33 million and THB 6.88 million respectively. The total dividend payment to be paid would be THB 64.21 million. In case of the interim dividend payment, approved by Board of directors no. 5/2014, amounted THB 17.2 million was included; the dividend payout for year 2014 would be rose to 89.90% instead of 18.97%.



13. Management Discussion and Analysis

13.1 Management Discussion and Analysis of Financial Position and Operating Results

13.1.1 Adjustment of Financial Statements for Analytical Purpose

13.1.1.1 Discount Policy

Selling products via direct selling channel can be divided into 2 types: direct sales by cash payment and direct sales by installment payment. In the past, the Company had discount policy only for cash payment but not for installment payment. Later, in 2012, the Company considered to establish discount policy for customers who purchased products via direct selling channel by installment payment. The policy was due to the fact that even though the Company didn't have discount policy for installment payment, its salespersons would consider giving customers the discount by themselves in order to promote sales and then deduct their sales commission to pay the Company back for the discount. Since the Company considered that the discount without specific criteria would impact the Company's pricing policy and product image, including unclear sales performance measurement, the Company decided to establish the discount policy with specifically maximum discount for customers.

For the old discount policy, which was applied in the past until 26 March 2012, the Company recognized revenue from sales of water purifier with full amount and also sales commission paid to salespersons with full amount. However, for the new sales policy, which has been applied since 27 March 2012, the Company has determined sales discount with specific discount rate and has recognized revenue from sales of water purifier with net sales after discount. The discount policies can be summarized as follows.

	Revenue Recognition Method	
	Direct Sales by Cash Payment Financial Statements	Direct Sales by Installment Payment Financial Statements
2012	Net revenue after discount	Combination *
2013	Net revenue after discount	Net revenue after discount
2014	Net revenue after discount	Net revenue after discount

Remark : * The combination of revenue recognition methods for direct sales by installment payment in 2012 came from the recognition of revenue before deducting discount during the first 3 months of the year 2012 and the recognition of revenue after deducting discount during the last 9 months of the year 2012 .

13.1.1.2 Reclassification of Revenues, Costs and Expenses

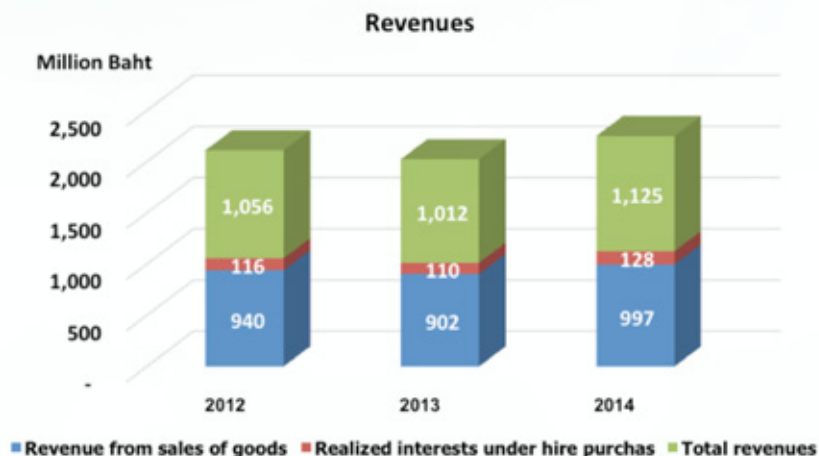
The certain accounts in the statements of comprehensive income of the Company and its subsidiary ("the Group") for the year ended 31 December 2012 and 2013 have been reclassified for comparison purpose for the financial statements for the year ended 31 December 2014. There is reclassification as follows:

Statements of comprehensive income (Unit: Million Baht)	for the year ended 31 December 2012		for the year ended 31 December 2013	
	As reclassified	As previously reported	As reclassified	As previously reported
Cost of sales	183.37	183.37	174.66	179.39
Selling expenses	553.02	433.86	524.93	382.89
Administrative expenses	138.64	257.79	168.28	305.59

Remark : The reclassification is for the accounts relating to cost of sales and selling expenses, previously reported as administrative expenses, which included employees' expenses and travelling expenses, etc.

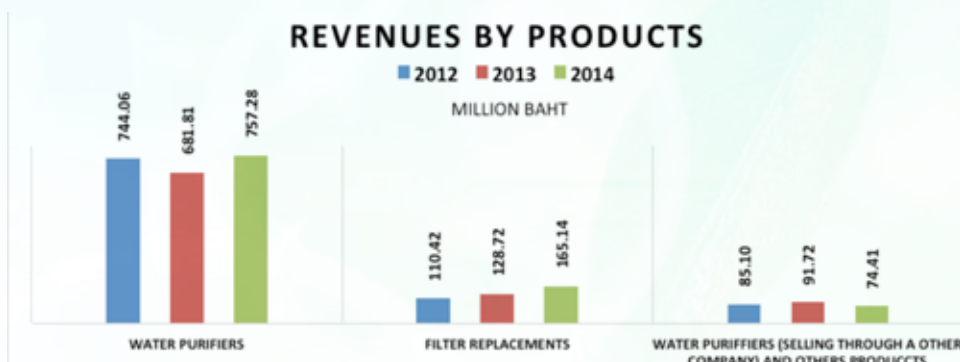
13.1.2 Overview of Operating Results

The Company engages business of manufacturing and distribution of water purifier, which revenues can be divided into 2 main types: revenues from sales and realized interest under hire purchase. The Company had prepared to register as a public company since 2012. After registered in the Stock Exchange of Thailand during 2014, the Company has developed its products continuously to meet demand of all target customers, expanded its branches and service centers to cover the needs of customers, and developed a variety of distribution channel. Especially, telesales can support after-sales service and introduced additional products required in their life such as electric appliances for existing customers, etc. Due to the unique products and the capability enhancement of sales team, the Company could expand business continually. For 2012, 2013, and 2014, the Company and its subsidiary earned total revenues amounting to Baht 1,055.72 million, Baht 1,012.31 million, and Baht 1,125.25 million, respectively. Comparing between 2013 and 2014, the total revenue increased Baht 112.94 million from last year or went up by 11.16% year-on-year. The total revenues consisted of revenue from sales of goods amounting to Baht 996.83 million with an increase of Baht 94.58 million or 10.48%; realized interest under hire purchase of Baht 128.42 million with an increase of Baht 18.36 million, or increased by 16.68%.

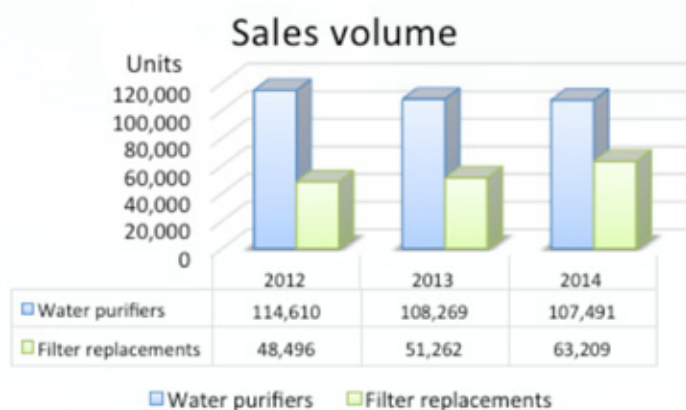


Comparing sales of main products, revenues from sales of water purifier in 2012, 2013 and 2014 were Baht 744.06 million, Baht 681.81 million, and Baht 757.28 million, respectively. For 2014, the revenue from sales of water purifier increased Baht 75.47 million from last year or went up by 11.07% year-on-year. This was a consequence of an introduction of a new water purifier model with a higher selling price. In terms of sales volume, the Company could maintain sales volume at the same level of last year, despite the effect of the political and economic turbulence during the beginning of the year. For 2015, the Company plans to expand distribution channels including branches and service centers to cover the needs of customers across the country. The revenues from sales of the filter replacement in 2012, 2013 and 2014 were Baht 110.42 million, Baht 128.72 million, and Baht 165.14 million, respectively. For 2014, the revenues from sales of the filter replacement increased Baht 36.42 million from last year or went up by 28.29% year-on-year, driven by development of telesales channel.





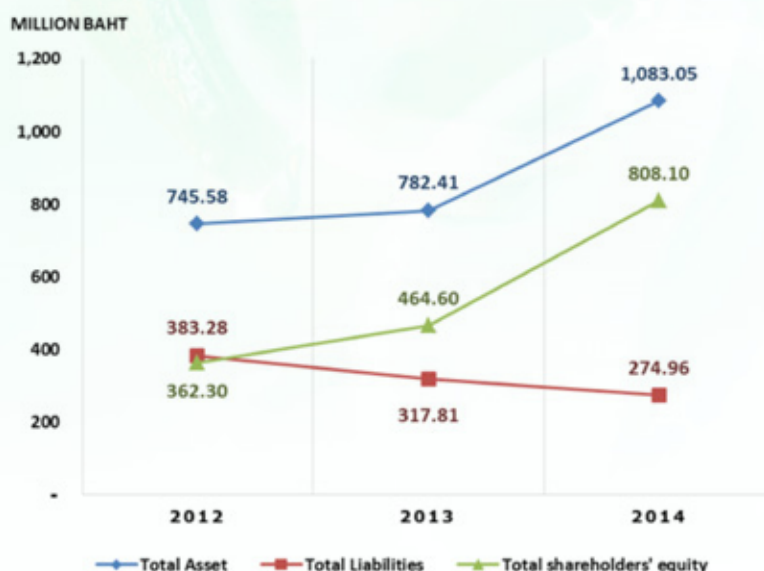
During year 2014, a double in salespersons on telemarketing channel in the second half led to an increase in sales volume of the filter replacement; from 51,262 units in 2013 to 63,209 units in 2014, or increased by 23.31%.



In the fourth quarter of 2014, the Company developed not only systems of distribution channels such as telesales and selling product through dealers, but also branches and service centers across the country to cover the market expansion in upcountry. The Company expected to shift the proportion of sales in upcountry from 10% to 20% in year 2015. Moreover, there was revenue from sales of air conditioning units, which started in late 2014.

Total assets of the Group grew continually, which was in line with the revenue growth. As at 31 December 2012, 2013 and 2014, total assets of the Group were Baht 745.58 million, Baht 782.41 million and Baht 1,083.05 million, respectively. Majority of assets of the Group were accounts receivable from hire purchase and property, plant and equipment ("PPE"). The accounts receivable from hire purchase came from customers of direct sales by installment payment, which was the main revenue of the Company, meanwhile PPE was from investment of manufacturing factory and office building for the preparation of business expansion.

The liabilities of the Group comprised both short-term and long-term borrowings from financial institutions, which primarily used for short-term financing of hire purchase and investment in long-term assets. As at 31 December 2012, 2013 and 2014, the Group had outstanding balance of short-term borrowings amounting to Baht 138.54 million, Baht 80.62 million and Baht 21.26 million, respectively, whereas outstanding balance of long-term borrowings amounting to Baht 87.72 million, Baht 88.06 million and Baht 80.56 million, respectively



Shareholders' equity of the Group showed upward trend. As at 31 December 2012, 2013 and 2014, shareholders' equity of the Group were Baht 362.30 million, Baht 464.60 million and Baht 808.10 million, respectively. The increase was the result of the Group's continuous profitability; moreover, the Company gradually increased capitals amounting to Baht 33.00 million, Baht 25.00 million and Baht 86.00 million in 2012, 2013 and 2014, respectively. Consequently, the paid-up capital has grown to Baht 344.00 million at present. During 2014, shareholders' equity of the Group increased by Baht 343.50 million or 73.93% year-on-year - from issuing of 86 million ordinary shares. As a result, paid-up capital went up by Baht 86.00 million (86 million shares at par value of Baht 1), and premium on common share capital rose by Baht 206.77 million (86 million shares at Baht 2.50 per share, deducting underwriting fee of Baht 8.23 million). Retained earnings went up by Baht 50.73 million - from net profit amounting to Baht 93.73 million after deducting dividend payment of Baht 43.00 million. The Company also set up an additional legal reserve of Baht 4.53 million.

13.1.3 Analysis of operating results

Sales Revenues

The Company derives its sales revenues from 2 types, which are revenues from direct sales channel in terms of both cash payment and installment payment and revenues from distributing products through other company, which mostly is for a direct selling company.



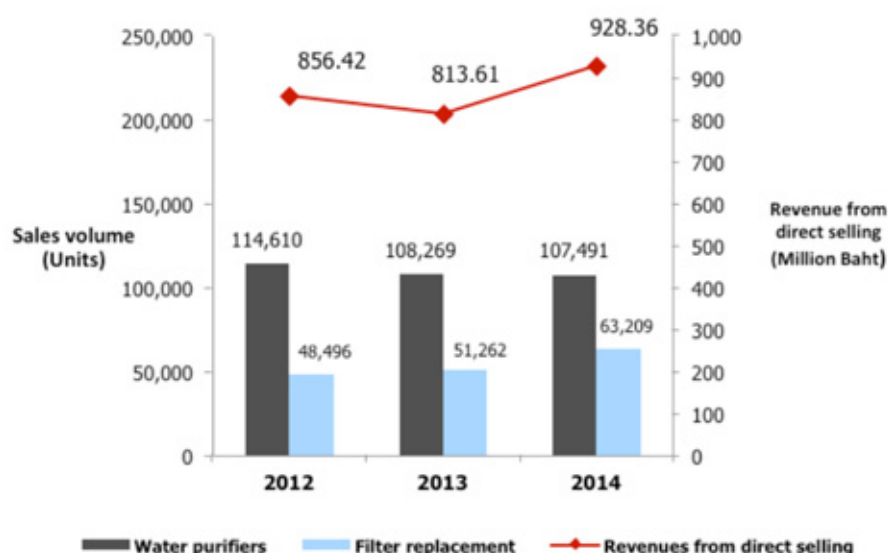
The proportions of different types of revenues are tabulated below.

Sales Revenues	Accounting Year Ended 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Direct Sales						
- Cash Payment	120.07	12.8	126.49	14.0	136.02	13.6
- Installment Payment	736.35	78.4	687.12	76.2	792.34	79.5
Total Revenue from Direct Sales	856.42	91.1	813.61	90.2	928.36	93.1
Distribution through the Other Companies	83.16	8.9	88.65	9.8	68.47	6.9
Total Sales Revenue	939.58	100.0	902.25	100.0	996.83	100.0

During 2012 to 2014, sales revenue increased from Baht 939.58 million to Baht 996.83 million, which mainly came from revenues from direct selling, contributing more than 90% of total sales revenue on average.

The different types of sales revenues are detailed below.

(1) Revenues from direct selling The revenue was primarily from direct sales by installment payment. In 2014, revenue from direct sales by installment payment was Baht 792.34 million whereas revenue from direct sales by cash payment was Baht 136.02 million. The sales revenue and sales volume via direct sale channel during 2012 to 2014 were presented in the picture below.



Comparing between 2012 and 2013, revenues from direct selling decreased from Baht 856.42 million to Baht 813.61 million or dropped by 5.0% year-on-year, which was the result of the decrease in sales volume. From the comparison of sales volume of water purifiers between 2012 and 2013, they were 114,610 units and 108,269 units,

respectively, or slightly decreased by 5.5% year-on-year. However, in the meantime, the sales volume of filter replacement increased from 48,496 units to 51,262 units, or grew by 5.7% year-on-year. The decrease in sales volume of water purifiers from 2012 to 2013 was the result of mega flood crisis in Thailand during late of 2011, leading to rapid growth of sales volume in 2012 then diminishing consumers' purchasing power in 2013, which was because the customers delayed their spending for consumer goods as a result of the political and economic problems, including the policy of quality improvement for employees which caused in Salesforce reduction.

Comparing between 2013 and 2014, revenues from direct selling increased from Baht 813.61 million to THB 928.36 million or grew by 14.10% year-on-year, although from the comparison of sales volume of water purifiers between 2013 and 2014, it dropped from 108,269 units to 107,491 units, or slightly decreased by 0.72%. However, the Company could generate higher revenues, resulting from an introduction of a new water purifier model with a higher selling price. Meanwhile, the sales volume of filter replacement increased from 51,262 units to 63,209 units, or rose by 23.31% year-on-year, which was driven by an improvement of after-sales service and constant selling filter replacement via telesales.

(2) Revenues from Distribution through the Other Company

During 2012-2013, revenues from distribution through the other company increased slightly. The Company has been trusted in the product quality, resulting in the increase in sales order for production further. However, comparing between 2013 and 2014, revenues from distribution through the other company decreased from Baht 88.65 million to Baht 68.47 million, which was the effect of the political and economic turbulence. The slump in sales of the Company's customers led to the drop in sales order of the Company.

Extraordinary expenses from share-based payment

In January 2013, the major shareholders distributed existing ordinary shares held by individuals to employees and a group of management, on behalf of the Company, totaling 4,515,000 shares at Baht 1 per share (par value Baht 1 per share). Later, the Company increased its capital by issuing and offering ordinary shares to the Company's existing shareholders through a Rights Offering (RO). The major shareholders exercised the rights to subscribe to the newly issued shares more than their rights. This may be interpreted that the transaction was done to compensate the distribution of shares to the employees and the group of management. Therefore, in accordance with the Financial Reporting Standard No. 2 regarding share-based payment ("extraordinary expenses from share-based payment"), such transaction incurred extraordinary expenses. The extraordinary expenses from share-based payment was estimated by calculating the difference between fair value of the Company's ordinary shares at the issue date and share price distributed to the employees, and come up with the expenses of totaling Baht 10.25 million which were recorded in the following accounts:

Extraordinary expenses from share-based payment	Amount (Million Baht)
Cost of sales	0.18
Selling expenses	0.87
Administrative expenses	9.19
Total	10.25



Such extraordinary expenses were estimated by comparing with the fair value of the shares without actual payment. As a result, there was no impact to the Company's cash flow. In terms of the accounting record, the transaction of Baht 10.25 million was recorded in the premium under the account "employees expenses" with recognized "premium on share-based payments account in the shareholders' equity of the statement of financial position. The fair value of the Company's shares at the distribution date was estimated at Baht 3.27 per share. The estimation of the fair value was done by applying discounted cash flow approach and using future expected free cash flow to equity.

Cost of sales

Costs of sales comprised raw material costs, labor costs of production staff, manufacturing overhead and other costs. The costs of sales for 2012, 2013 and 2014 were Baht 183.37 million, Baht 174.66 million and Baht 201.33 million, and cost of sales to total revenues were 17.4%, 17.3% and 17.9%, respectively.

Cost of sales to total revenues of 2014 slightly increased following cost of raw materials. Additionally, there were costs of sales of air conditioning units, which started in quarter 4 of 2014. However, cost of sales to total revenues ratios were relatively stable at around 17-18%, showed that the Company still managed manufacturing operations and controlled the cost efficiently.

Realized interest under hire purchase

Buying products from the Company's direct sales channel, the customers can either make a whole payment in cash or repayment in installments over a specified period of time (i.e., not exceeding 12 months for purchase of water purifier products; 5 months for filter replacement; and more than 12 months for new models of water purifiers and air conditioning units). More than 80% of customers purchased goods through installment payments. The installment sales method is similar to hire purchase – the Company will recognize interest under hire purchase at the time of cash collection.

Realized interest under hire purchase of 2013 dropped to Baht 110.06 million, or decreased by 5.24% year-on-year compared to Baht 116.14 million of 2012. The slight fall in realized interest under hire purchase in 2013, followed a drop in direct sales of water purifier products, due to the economic downturn. The economic downturn was caused by the political unrest, which had a negative impact on sales of the Company and collections from customers – the installment payments from customers dropped in late 2013. However, an increase in collection of overdue installments, in March 2014, showed the sign of recovery. Additionally, there was incremental interest from selling a new water purifier model at a higher price. These resulted in a significant increase in realized interest under hire purchase to Baht 128.42 million for 2014, from Baht 110.06 million of 2013. Since 2012, the Company has recognized interest under hire purchase at the average rate around 16.0% of revenues from direct installment sales.

Financial costs

Financial costs were interest expenses on loans. The Company utilized a working capital loan, as part of its funding, to operate its hire purchase business, together with funds from collections from customers. Therefore, in addition to the cost of sales, the financial costs were considered main costs of the Company's operations. Categorized by purposes of use, financial costs comprised costs of working capital loans for operating activities, and costs of long-term borrowings used for investing activities.

Financial costs (Million Baht)	For the year ended 31 December					
	2012	%	2013	%	2014	%
Interest expenses: Operating activities	9.88	61.67	6.97	51.59	6.24	95.85
Interest expenses: Investing activities	6.14	38.33	6.54	48.41	0.27	4.15
Total financial costs	16.02	100.00	13.51	100.00	6.51	100.00

Total financial costs of 2012, 2013 and 2014 were Baht 16.02 million, Baht 13.51 million and Baht 6.51 million, respectively. The financial costs have decreased steadily because the Company had higher liquidity from IPO proceeds in 2014, and it used the proceeds for repayment of short-term loans, which was the purpose of the IPO. In addition, the Company gradually made repayment of long-term loans. As a result, the interest was decreased in line with the reduction in principals of loans. Meanwhile, part of IPO proceeds was used to guarantee loans in order to push down the interest rate, and as a reserve for business plan which was expected to be completed in 2015. The business plan included construction of a new factory, development of Information Technology system, and expansion of branches and service centers in upcountry, etc.

Gross Profit

Gross profit	Accounting Year Ended 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales of goods	939.58	89.0	902.25	89.1	996.83	88.6
Realized interest under hire purchase	116.14	11.0	110.06	10.9	128.42	11.4
Total revenues	1,055.72	100.0	1,012.31	100.0	1,125.25	100.0
Cost of sales	(183.37)	(17.4)	(174.66)	(17.3)	(201.33)	(17.9)
Financial costs	(16.02)	(1.5)	(13.51)	(1.3)	(6.51)	(0.6)
Gross profit	856.33	81.1	824.14	81.4	917.41	81.5

The Group's gross profit margins reported steady at 80%. Despite the fluctuation of revenues from sales of water purifier products, the Company still maintained the gross profit margin constantly. This showed the efficiency in manufacturing cost management of the Company. Moreover, due to the efficiency in liquidity management, the Company had lower amount of borrowings which resulted in lower amount of financial cost. This enabled the Company increased the gross profit margin.

Selling expenses

Selling expenses were fundamental expenses to the Company's business, which was driven by direct sale channel. Key items of selling expenses comprised employees' compensation and travelling expenses namely commission, allowance, etc., which covered more than 95% of total selling expenses. Although the selling expenses reported increasingly, which were Baht 553.02 million, Baht 524.93 million and Baht 564.33 million for 2012, 2013 and 2014, respectively, the proportion of selling expenses to total revenues was approximately at 50%. This showed the Company's ability to efficiently maintain the level of selling expenses to revenues ratio.



Doubtful accounts and bad debts

In terms of credit control and inspection, the Company has established the Credit Department in order to assess the customers' ability to pay and collect, prior to selling. Moreover, there was the Company's policy that the sales staff will be fined if their customers had no ability to pay, in due course, for the goods purchased. The Company will set up allowance for doubtful accounts for delinquency. For accounts receivable of more than 3-month overdue, the Company will stop the recognition of the full amount of interest under hire purchase, and later record the write-offs.

Details of doubtful accounts and bad debts of FY12 to FY14 are summarized in the table below:

Bad debts and doubtful accounts (Million Baht)	For the year ended 31 December		
	2012	2013	2014
Doubtful accounts	15.71	(14.94)	11.09
Bad debts	55.86	74.55	70.44
Total doubtful accounts and bad debts	71.57	59.61	81.53
Less: Bad debt recoveries	(2.03)	(2.17)	(3.04)
Less: Recall commissions	(16.62)	(19.21)	(23.77)
Total doubtful accounts and bad debts - net	52.92	38.23	54.72

The Company set up allowance for doubtful accounts based on the estimation of uncollectible debts taking into account past experience in debt collection, management consideration on analysis of each doubtful account. The basis for calculation of allowance for doubtful accounts was based on aging of receivables. (Additional information is available in the table of accounting policy on allowance for doubtful accounts of hire purchase receivable.)

Allowance for doubtful accounts has been recorded since 2011. This enabled the Company clearly assessed risk from uncollectible debts. The basis to set up allowance for doubtful accounts was adjusted in 2012. Therefore, the allowance for doubtful accounts recorded for 2012, 2013 and 2014 were Baht 15.71 million, minus Baht 14.94 million and Baht 11.09 million, respectively. However, the Company has established the policy on delinquency management - for overdue debts of more than 3 installments, the debtors will be contacted by the Company's staff and will receive warning notices from the Company before the accounts are written off and recorded as bad debts. For 2012, 2013 and 2014, the Company recorded bad debts of Baht 55.86 million, Baht 74.55 million and Baht 70.44 million, respectively. Nevertheless, it is the Company's policy that the sales staff are required to share losses from uncollectible debts. This is done by deducting the staff's remuneration called recall commission. For 2012, 2013 and 2014, the recall commissions were Baht 16.62 million, Baht 19.21 million and Baht 23.77 million, respectively. This is a measure to mitigate risk and reduce impact, from uncollectible debts, to the Company's operations in a certain level. It aimed to raise conservative awareness of the Company's sales staff.

Analysis of profits from direct sales business

Profits from direct sales business derived from revenues from direct sales deducted by costs of sales and selling expenses. Direct sales business is separated into direct cash sales and direct installment sales. Profits from direct sales business of 2012 to 2014 are presented in the table below:

Business segment	Accounting Year Ended 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Direct cash sales						
Revenues from sales of goods – cash sales	120.07	100.0	126.49	100.0	136.02	100.0
Cost of sales	(25.98)	(21.6)	(21.83)	(17.3)	(26.28)	(19.3)
Selling expenses	(81.87)	(68.2)	(80.45)	(63.6)	(85.64)	(63.0)
Bad debts and doubtful accounts	(0.07)	(0.1)	(0.06)	(0.0)	(0.11)	(0.1)
Gross profits – direct cash sales	12.16	10.1	24.15	19.1	23.98	17.6
Direct installment sales						
Revenues from sales goods-installment sales	736.35	100.0	687.12	100.0	792.34	100.0
Realized interest under hire purchase	116.14	15.8	110.06	16.0	128.42	16.2
Cost of sales	(112.26)	(15.2)	(99.87)	(14.5)	(134.85)	(17.0)
Financial costs	(16.02)	(2.2)	(13.51)	(2.0)	(6.51)	(0.8)
Selling expenses	(454.22)	(61.7)	(422.69)	(61.5)	(461.59)	(58.3)
Bad debts and doubtful accounts	(71.51)	(9.7)	(59.55)	(8.7)	(81.42)	(10.3)
Profits – direct installment sales	198.47	27.0	201.56	29.3	236.40	29.8
Profits – other business	12.84		13.88		10.51	

Note : The above profits from each business segment exclude some unallocated expenses, i.e., administrative expenses and corporate income tax, etc.

The proportion of cost of sales to revenues for direct installment sales business segment was less than those of direct cash sales business segment, as a result of a difference in portions of products sold. Two main products of the Company's direct sales business are water purifier products and filter replacement products. Selling prices per unit of the filter replacement products are lower than those of the water purifier products. Most customers purchased the filter replacement products by paying a whole price in cash, while they purchased the water purifier products, which have higher price, by paying in instalments. As a result, proportion of cash sales of filter replacement products was higher than the proportion of cash sales of water purifier products. However, due to proportion of cost of sales to selling price of the filter replacement products higher than those of the water purifier products, therefore; the higher filter replacement products are sold in cash, the higher proportion of cost of sales to revenues incurred of which the average was more than those of direct instalment sales business segment.

The Company could generate significant profits from direct sales business. The profit ratios of both direct cash sales and direct instalment sales business segments has been steady at around 20% of revenues from sales of goods since 2011.



Analysis of interest spread

The interest spread is the gap between interest under hire purchase (from instalment sales) and costs of fund, under the hypothesis that all short-term borrowings are used for lending to customers on instalment sales only. However, while the Company could recover some losses from uncollectible debts by way of recall commission, risk from debt default still remained in the business operations on installment sales. In addition, the Company could make some collections from overdue debts providing the net interest spread for 2012 – 2014 as presented below:

Net interest spread	Accounting Year Ended 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Realized interest under hire purchase	116.14	100.0	110.06	100.0	128.42	100.0
Financial costs	(16.02)	(13.8)	(13.51)	(12.3)	(6.51)	(5.1)
Gross interest spread	100.12	86.2	96.56	87.7	121.91	94.9
Less : Bad debts and doubtful accounts	(71.57)	(61.6)	(59.61)	(54.2)	(81.53)	(63.5)
Plus : Recall commissions	16.62	14.3	19.21	17.5	23.77	18.5
Plus : Bad debt recoveries	2.03	1.7	2.17	2.0	3.04	2.4
Interest spread - net	47.20	40.6	58.33	53.0	67.20	52.3

The decrease in proportion of net interest spread was due to change in the Company's policy on allowance for doubtful accounts to be in line with the economic conditions. However, because the Company had the increase rates of recall commissions and bad debt recoveries, along with a downward trend of financial costs from steady positive net interest spread. It indicated that interest rate under installment sales was adequate to cover all cost and related risks, and can increase profits for the Company as well.

Other income

Other income was income derived from other sources than sales of main products, i.e., gain from sales of assets, revenues from sales of plastic scrap, interest income, bad debt recoveries, income from building and furniture rental, etc. The Group recorded other income for 2012, 2013 and 2014 at Baht 28.23 million, Baht 17.47 million and Baht 35.30 million, respectively.

Other income mainly comprised gain from sales of assets – land, building and motor vehicle, which were recorded at Baht 12.55 million, Baht 1.22 million and Baht 0.21 million, for 2012, 2013 and 2014, respectively. The high profits from sales of assets in 2012 was due to sales of unused land and building. In addition, there were revenues from scrap sales of Baht 5.28 million, Baht 4.52 million and Baht 14.76 million, for 2012, 2013 and 2014, respectively.

Administrative expenses

Administrative expenses included employees' expenses, depreciation and utility expenses, etc. The employees' expenses which accounted for over 65% of total administrative expenses were considered the main part.

The Group recorded administrative expenses of Baht 138.64 million, Baht 168.28 million and Baht 191.16 million, for 2012, 2013 and 2014, respectively. An increase of Baht 22.88 million in 2014 compared to 2013, mainly contained costs of scrap sales, and other costs which were increased by Baht 15.68 million; employees' expenses (e.g., payroll, bonus and employees' benefits), increased by Baht 5.59 million, in line with the sales increase. This was due to an increase in human capital. The Company hired a number of competent staff to prepare for business expansion. Additionally, there was a growth in depreciation of Baht 4.10 million, due to the development of information technology and an increase in office building in 2014 to support the future growth. On the other hand, expenses from inventory damage during warranty period decreased by Baht 3.19 million, because the Company set up the estimation of liabilities of product warranty in 2013, while there was a slight set up in 2014. Besides, total other expenses increased of Baht 0.7 million. Meanwhile, in 2013, the Company recorded extraordinary expenses from share-based payment of Baht 9.19 million as part of administrative expenses. With no regard for such expense, the administrative expenses would have been reported at Baht 159.09 million.

Corporate income tax

Corporate income tax of 2012, 2013 and 2014 were Baht 28.73 million, Baht 21.75 million and Baht 21.97 million, respectively. The decrease was due to a reduction in Thailand corporate income tax rate under the government policy, from the tax rate at 30% to 23% in 2012, and reduced to 20% for 2013 and 2014.

Net profit (loss)

The Group reported net profits of Baht 92.59 million, Baht 67.05 million, and Baht 93.72 million, or the net profit ratios were 8.8%, 6.6% and 8.3%, for 2012, 2013 and 2014, respectively.

However, in quarter 1 of 2013, the Company recorded extraordinary expenses from share-based payment amounting Baht 10.25 million. Regardless of this item, the net profit for 2013 would have been Baht 77.30 million and net profit rate would be 7.6%.

13.1.4 Financial position analysis

13.1.4.1 Assets

The Company had steady growth in assets which was in line with the growth in revenues. As at 31st December 2012, 2013 and 2014, the Group had total assets of Baht 745.58 million, Baht 782.41 million, and 1,083.05 million, respectively. As at the same dates, the proportions of current assets to total assets were 51.1%, 45.1% and 45.97%, respectively.

Hire purchase receivables were receivables from installment sales which had a high proportion in current assets. As at 31 December 2012, 2013 and 2014, the Company had the hire purchase receivables of Baht 280.93 million, Baht 263.20 million and Baht 364.26 million, respectively.

Property, plant and equipment (PPE) had a high proportion in non-current assets. As at 31 December 2012, 2013 and 2014, the Group reported PPE at Baht 260.93 million, Baht 332.99 million and Baht 387.34 million, respectively. The Group has invested steadily in PPE to prepare for the growth of customers' demand in the Company's products in the future.



Cash and cash equivalents

As at 31st December 2012, 2013 and 2014, the Group had cash and cash equivalents amounting to Baht 24.86 million, Baht 8.19 million and Baht 8.18 million, respectively. In 2014, the Company paid dividends of Baht 43.00 million and invested in short-term investments of Baht 20.00 million, resulted in the stable level of cash and equivalents at end of FY14.

Accounts receivable

The Company's accounts receivables were categorized into 3 groups; hire purchase receivables; trade accounts receivable and other receivables; and receivables transferred. Details of the accounts receivable are as follows:

(1) Hire purchase receivables

The hire purchase receivables were receivables from instalment sales. The hire purchase receivables were receivables from installment sales with the repayment period not exceeding 12 months for purchase of water purifier products, 5 months for filter replacements and more than 12 months for new models of water purifiers and air conditioning units.

Details of hire purchase receivables at end of FY12 to FY14 are shown in the table below:

Hire-purchase receivables	Accounting Year Ended 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Hire-purchase receivables	361.65	100.0	327.47	100.0	476.4	100.0
Less: Deferred hire-purchase interest	(36.14)	(10.0)	(35.60)	(10.9)	(63.2)	(13.3)
Less : Deferred output tax	(19.28)	(5.3)	(18.29)	(5.6)	(27.2)	(5.7)
Less : Allowance for doubtful accounts	(25.31)	(7.0)	(9.84)	(3.0)	(20.9)	(4.4)
Less : Allowance for goods returned	-	0.0	(0.55)	(0.2)	(0.8)	(0.2)
Less : Hire-purchase receivables due over 1 year	-	0.0	-	0.0	1.2	0.3
Hire-purchase receivables - net	280.93	77.7	263.20	80.4	365.49	76.7

As at 31 December 2012, 2013 and 2014, the Company had hire purchase receivables of Baht 280.93 million, Baht 263.20 million, and Baht 365.49 million, respectively. The Company has set up allowance for doubtful accounts since 2011, and set up allowance for goods returned since 2013, in order to present outstanding receivables which reflected the actual financial position. The hire purchase receivables had high outstanding balance at end of 2014 due to a rise in sales volume. However, the net hire purchase receivables remained unchanged at 76-80% of total hire purchase receivable balances.



Hire purchase receivables separated by aging, and allowance for doubtful accounts as at 31 December 2012, 2013 and 2014 are shown below:

Receivables less unrealized interest income-net	Hire-purchase receivables				Allowance for doubtful accounts			
	2012		2013		2014		2012	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
In term	253.14	82.6	234.51	85.7	329.78	85.2	-	0.0
Overdue 1 instalment	19.47	6.3	20.16	7.4	30.64	7.9	0.97	5.0
Overdue 2 instalment	7.20	2.4	8.01	2.9	11.15	2.9	1.08	15.0
Overdue 3 instalment	4.51	1.5	4.68	1.7	6.36	1.6	1.35	30.0
Overdue exceeding 3 instalments	21.90	7.2	6.22	2.3	9.27	2.4	21.90	100.0
Total	306.23	100.0	273.58	100.0	387.20	100.0	25.30	9.83
								20.93

The proportions of overdue hire purchase receivables (overdue more than one month), reported as at 31 December 2012, 2013 and 2014, were 17.4%, 14.3% and 14.8%, respectively. The high proportion of the overdue debts in 2012 was due to difficulties in debt collection in the flooding areas, which caused by the flood crisis in late 2011. Recognizing the problem, the Company improved credit management and debt collection processes to be more rigorous, which later resulted in a reduction of the overdue hire purchase receivable proportion.

However, the Company has a debt control measurement and has set up an adequate allowance for doubtful accounts, based on experience of bad debts in the past.

Adequacy of allowance for accounts receivable

a) Allowance for doubtful accounts

Major portion of the Company's accounts receivable was hire purchase receivables from sales of water purifier products. Starting from 2012, the Company has recorded allowance for doubtful accounts in the statements of financial position, based on the following basis:

Tabel of Accounting policy on allowance for doubtful accounts of hire purchase receivables

Percentage of allowance for doubtful accounts		
Overdue instalments	2012 and 2013	2014
Normal receivable	-	1%
Overdue 1 instalment	5%	6%
Overdue 2 instalments	15%	30%
Overdue 3 instalments	30%	50%
Overdue exceeding 3 instalments	100%	100%

For overdue debts of more than 3 installments, the Company will send a warning notice to the debtors twice. Later the Company will record bad debts by reversing allowance for doubtful accounts and outstanding receivables of those overdue debts (overdue exceeding 3 instalments). From this practice, it would be concluded that allowance for doubtful accounts was completely set up for all bad debts prior to write-off consideration.

Comparison of policy on allowance for doubtful accounts and percentage of realized bad debts is presented in the table below:

Percentage of allowance for doubtful accounts (Million Baht)	As at 31 December		
	2012	2013	2014
Allowance for doubtful accounts	25.38	9.97	20.93
Hire-purchase receivables	361.65	327.47	476.44
Trade accounts receivable	8.29	4.90	11.79
Less : Deferred output tax	(19.28)	(18.29)	(27.23)
Net receivables	350.66	314.08	461.00
% of allowance for doubtful accounts*	7.24	3.17	4.54

*Percentage of allowance for doubtful accounts = Allowance for doubtful accounts / Net receivables

Percentage of bad debts incurred (Million Baht)	As at 31 December		
	2012	2013	2014
Bad debts	55.86	74.55	70.44
Less : Bad debt recoveries	(2.03)	(2.17)	(3.04)
Less : Recall commission	(16.62)	(19.21)	(23.77)
Net bad debts	37.21	53.17	43.62
Revenues from installment sales*	736.35	687.12	792.34
Realized interest under hire purchase	116.14	110.06	128.42
Total revenues from installment sales	852.49	797.18	920.76
% of realized bad debts**	4.37	6.67	4.74

* Percentage of realized bad debts = Net bad debts / Revenues from installment sales

** In case of calculation of realized bad debts based on revenues from sales of goods, the proportions of realized bad debts would be 3.52%, 5.25% and 3.88% for 2012, 2013 and 2014, respectively.

From the comparison of the allowance for doubtful accounts ratio to realized bad debts ratio, it was noted that the allowance for doubtful accounts ratio of 2012 at 7.24% was higher than the 4.37% realized bad debts ratio of the same period, while, the allowance for doubtful accounts ratios, for 2013 and 2014, dropped down to 3.17% and 4.54%, respectively. Due to the debt following up measures, and bad debt write-offs of the overdue debts of more than 3 installments, for tax management purposes, the realized bad debts ratio went up to 6.67% in 2013, of which most of the bad debts were from the accounts in flooding areas affected from the flood crisis in late 2011. In addition, from the rigorous collection policy and bad debt management, the bad debts ratio was fallen down to 4.74% in 2014. Although the provision had been fully set up, profit margin from direct sales business was still steadily at around 30%.

b) Allowance for goods returned and expenses related to policy on product warranty

The Company had established a policy to guarantee customers' satisfaction on product quality. According to the policy, the customers can return the product purchased within 30 days from the purchase date. Taking into consideration statistical data of the returned goods in the past, the Company had decided to establish a policy on goods returned since 2013. The allowance for goods returned was reported at Baht 0.55 million, or 1.20% of sales for 2013, and rose to Baht 0.78 million, or 1.36% of sales at end of in 2014.

Moreover, the Company had a policy on product quality warranty. Based on the policy, regarding water purifier products, maintenance services will be provided for 2 years counting from date of installation. As a result, the Company may incur additional after sales expenses. Accordingly, the Company had considered recording the provision as other liability by taking into account actual expenses incurred, since 2012. The provision balances at end of 2012, 2013 and 2014 reported at Baht 0.51 million, Baht 3.11 million, and Baht 2.83 million, respectively.¹

¹ Remark : In 2013, the Company recorded provision for maintenance of water purifier products by taking into consideration key factors comprised 1) maintenance expenses per unit during the warranty period; 2) estimated units of the water purifiers under the warranty period averaged within 12 months; 3) units sold in the year.



(2) Trade accounts receivable and other receivables

Trade accounts receivable were receivables from cash sales, and from distribution through other company (receivables from credit sales). Other receivables comprised withholding tax receivables, refundable input tax, prepaid expenses, and advances, etc.

The Company had trade accounts receivable as at 31 December 2012, 2013 and 2014 amounting to Baht 8.29 million, Baht 4.90 million and Baht 11.79 million, respectively. A rise in the trade accounts receivable was because the Company had launched new product models and sold to a major direct sales company. The value of the new models was higher than those of the existing models.

Trade accounts receivable, separated by aging, as at 31st December 2012, 2013 and 2014 are shown in the following table:

Receivables (from cash sales and credit sales, gross) - separated by aging -	As at 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
In term	8.21	99.0	4.77	97.3	10.89	92.4
Overdue 1 instalment	0.01	0.1	0.09	1.8	0.52	4.4
Overdue 2 instalments	0.01	0.1	0.02	0.4	0.38	3.2
Overdue 3 instalments	0.01	0.1	0.01	0.2	-	-
Overdue exceeding 3 instalments	0.05	0.6	0.01	0.2	-	-
Total	8.29	100.0	4.90	100.0	11.79	100.0

(3) Receivable transferred

The Company created motivation in the workplace by providing incentive to staff who maintained steady sales volume, as indicated in the staff welfare policy. The Company subsidized by paying for hire purchase of pickup at 60% of installments, under the conditions that the pickup must be used for selling, and the installment period must not exceed 4 years. At the maturity of the hire purchase, the staff were entitled to purchase such vehicle at a discounted price. The agreement between the Company and the staff was done under finance lease contract. The Company, therefore, did not record such assets as PPE, but as receivable transferred instead.

As at 31 December 2012, 2013 and 2014, receivable transferred were Baht 32.44 million, Baht 38.74 million and Baht 35.36 million, respectively. The receivable transferred is in an upward trend in line a growth in number of staff and future revenues.

Inventories

The Group had inventories at end of 2012, 2013 and 2014 amounting to Baht 45.97 million, Baht 52.91 million and Baht 59.85 million, respectively.

Details of each type of the inventories are shown in the following table:

Inventories	As at 31 December					
	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Finished goods	14.85	32.3	24.10	45.5	16.8	28.1
Semi-finished goods	5.93	12.9	7.05	13.3	10.0	16.7
Raw materials	25.74	56.0	23.02	43.5	34.1	56.9
Allowance for inventory devaluation	(0.55)	(1.2)	(1.25)	(2.4)	(1.0)	(1.7)
Inventories - net	45.97	100.0	52.91	100.0	59.85	100.0

The Company started recording allowance for inventory devaluation in 2012 to reflect the actual value of inventory. Most of the allowance was set up for component parts of the outdated products.

The outstanding balance of finished goods as at 31 December 2013, was Baht 24.10 million, higher than the balance of 2012 which was Baht 14.85 million, due to a pile up of new product models of water purifiers for selling in 2014, and costs of manufacturing of the new models were slightly higher than those of the existing models. However, the finished goods balance at end of 2014 at Baht 16.8 million was lower, compared to the outstanding at end of 2013.

Investment properties

The Company rented part of its land and building to third parties for using as office building, warehouse and factory. Therefore, the rented properties were recorded as investment properties. As at 31 December 2014, the Company and its subsidiary had the investment properties amounting to Baht 58.94 million, which comprised commercial building for rent of Baht 0.93 million, and land for development of Baht 58.01 million.

Net property plant and equipment ("PPE")

As at 31 December 2012, 2013 and 2014, the Group had PPE amounting to Baht 260.93 million, Baht 332.99 million and Baht 387.34 million, respectively. Most of the PPE were land and building, the head office, and factory. The PPE were significantly increased in 2013 and 2014 as a result of business expansion.

For a new plant construction in Pathum Thani Province and preparation for business expansion, the Company acquired land in 2013 and 2014 totaling Baht 58.97 million and Baht 25.13 million, respectively. Moreover, in quarter 3 of 2013, the Company invested in land, located in the opposite side of the head office, of Baht 4.50 million to expand parking areas for employees' cars.

The Company invested in call center system in 2013 of Baht 4.86 million, which was recorded in the computers and accessories account, to support telesales of filter replacement products to existing customers.

The Company recorded provision for impairment of assets of Baht 0.04 million and Baht 0.29 million in 2012 and 2014, respectively, for unused metal molds of which some parts were used for manufacturing of old product models. This was because the Company started to produce new models of water purifiers to replace the old models.



Deferred tax assets

In accordance with the new accounting standard which become effective in 2013, the Company had been required to present deferred tax in the statements of financial position, and adjust impact of the adoption directly to the retained earnings accounts. As a result, the Company's retained earnings were increased. The deferred taxes of the Company were deferred tax assets caused by the difference in revenue and expense recognition between accounting and tax bases. The Company had retroactively recorded the deferred tax since 2011, in order that the financial statements were comparable. As at 31st December 2012, 2013 and 2014, the deferred tax assets were Baht 9.28 million, Baht 6.28 million and Baht 8.72 million, respectively.

Intangible assets

Intangible assets of the Company comprised leasehold rights, computer software and assets under development. Intangible assets of the Group as at 31 December 2012, 2013 and 2014, were amounting to Baht 7.58 million, Baht 7.06 million and Baht 10.90 million, respectively. In 2014, intangible assets significantly increased because the Company invested in computer software to enhance debt management and prepare for new branches to be opened in the future. The computer software and assets under development were Baht 4.67 million for FY14.

13.1.4.2 Liabilities

The Company's liabilities comprised trade accounts payable, loans from financial institutions, liabilities under finance lease, employee benefit obligations, income tax payable, and other liabilities. The Group had total liabilities as at 31st December 2012, 2013 and 2014, amounting to Baht 383.28 million, Baht 317.81 million and Baht 274.96 million, respectively. Details of major liabilities are as follows:

- **Trade accounts payable** : The Group had trade accounts payable at end of 2012, 2013 and 2014 amounting to Baht 16.35 million, Baht 14.57 million and Baht 21.51 million, respectively. The high outstanding balance at end of 2014 was due to a pile up of inventory purchased for sales in 2015.
- **Bank overdrafts and short-term loans from financial institutions** : As at 31 December 2012, 2013 and 2014, the Company and its subsidiary had overdraft facility of Baht 60 million, and short-term loan facility from financial institutions of Baht 150 million. The Company had utilized the credit facilities and the Group had the outstanding balances of debts, at end of 2012, 2013 and 2014 amounting to Baht 138.54 million, Baht 80.62 million, and Baht 21.26 million, respectively. The balances of bank overdrafts and short-term loans from financial institutions steadily decreased due to efficiency of the Company's liquidity management which caused a drop in the demand of a working capital loans.
- **Long-term loans** : At end of 2014, the Company and its subsidiary had long-term loan facility of Baht 134.00 million, and had the outstanding balance of long-term loans of Baht 80.56 million. The Company used long-term loans for investing in land and other non-current assets for preparation of business expansion in the future.
- **Liabilities under finance lease agreements** : Most of the liabilities under finance lease agreements were for the acquisition of motor vehicle used in the operations and for selling of water purifier products, in accordance with the Company's policy on employee's benefits. As at 31 December 2012, 2013 and 2014, the balances of liabilities under finance lease were Baht 42.00 million, Baht 56.71 million and Baht 64.17 million, respectively.

13.1.4.3 Shareholders' equity

As at 31 December 2012, 2013 and 2014, the Group's shareholders' equity was Baht 362.30 million, Baht 464.60 million, and Baht 808.10 million, respectively. Shareholders' equity has risen continually from the steady flow of net profits as well as the capital increase to provide for business expansion. Major activities regarding shareholders' equity, apart from annual profits, are as follows.

- **Dividend payment** : The Company paid cash dividend amounting to Baht 43.00 million in 2014, from the operating results of 2013.
- **Registered capital** : Upon receiving capital injection of Baht 25.00 million in 2013, the Company's issued and paid-up share capital went up to Baht 258.00 million. Moreover, to support the stock listing in the Stock Exchange of Thailand, the Company raised an additional Baht 86.00 million and reduced the par value from Baht 100.00 per share to Baht 1.00, causing the registered capital to reach Baht 344.00 million, with 344.00 million common shares.
- **Effect from changes in accounting policies** : According to the new accounting standards effective in 2013, the Company had to present deferred tax assets in the statements of financial position and recorded the corresponding amount in retained earnings. Having the nature of asset, these deferred tax assets resulted in an increase in retained earnings. To adjust for this matter retrospectively for comparative purpose, the retained earnings as at 31 December 2012 went up by Baht 9.28 million.
- **Premium on share-based payments** : A major shareholder of the Company sold a portion of common shares to employees, resulting in share-based payment transactions. These payments arose from fair value measurement without the actual proceeds paid out by the Company, resulting in Baht 10.25 million of premium on share-based payments as at 31 December 2014.

13.1.4.4 Financial Structure

As at 31 December 2012, 2013 and 2014, the Group's Debt to Equity ratios were 1.06, 0.68 and 0.34, respectively. The ratios of interest bearing debt to equity were 0.74, 0.49 and 0.21. The Company achieved lower financial leverage from the increase in net profits and capital increases in 2013 and 2014 amounting to Baht 25.00 million and Baht 86.00 million, respectively.



13.1.4.5 Liquidity

Cash Flows

Sources and the use of cash flows can be summarized as follows:

Unit : THB Million	For the Year Ended December 31,		
	2012	2013	2014
Operating activities	104.45	82.46	2.21
Investing activities	(26.35)	(81.28)	(178.34)
Financing activities	(55.47)	(17.86)	176.13
Net increase (decrease) in cash and cash equivalents	22.63	(16.68)	(0.01)
Cash and cash equivalents, beginning of the year	2.23	24.86	8.19
Cash and cash equivalents, end of the year	24.86	8.19	8.18

In 2012, the Group had net increase in cash and cash equivalents of Baht 22.63 million, mainly from operating cash flows of Baht 104.45 million and Baht 17.89 million cash flows from disposal of equipment and investment property, while paying Baht 40.08 million for property, plant and equipment, Baht 7.53 million for other expenses, and net repaying debt of Baht 52.10 million.

In 2013, the Group had net decrease in cash and cash equivalents of Baht 16.68 million, mainly from Baht 82.46 million cash flows from operations, Baht 5.67 million from reduction in cash unrestricted bank deposits for guarantee, Baht 1.79 million from sale of equipment, and Baht 25.00 million from capital injection, while investing Baht 88.53 million in property, plant, and equipment, net repaying debt of Baht 42.86 million, and paying Baht 0.22 million for other expenses.

In 2014, the Group had net decrease in cash and cash equivalents of Baht 0.01 million, mainly from operating cash flows of Baht 2.21 million and Baht 292.77 million capital injection, while investing Baht 62.63 million in property, plant, and equipment, and intangible assets, net repaying debt of Baht 73.64 million, and paying Baht 43.00 million dividend.

As a result of the efficiency in liquidity management of the Company and its subsidiary, the Company had sufficient working capital and could pay the dividend in total amount of Baht 43.00 million in 2014. As at 31 December 2014, the Company had available credit from financial institutions totaling Baht 189.00 million comprised of the bank overdrafts and short-term loans (promissory note) facilities amounting to Baht 39 million and Baht 150 million, respectively.

Liquidity Ratio

As at 31 December 2012, 2013, and 2014, the Group's Current Ratios were 1.39, 1.74 and 3.11 times, respectively. Quick Ratios were 1.22, 1.48 and 2.73 times, respectively. Rising liquidity demonstrated that the Company had sufficient working capital for operations.

Cash Cycle

In 2012, 2013 and 2014, average Cash Cycles were 82, 114 and 116 days, respectively. The Company prepared the sources of short-term borrowing and other sources to manage working capital accordingly.

13.1.5 Analysis of Return on Shareholders' Equity

Return on Shareholders' Equity (ROE) went down from 16.22% in 2013 to 14.73% in 2014. Major factors affecting ROE for 2013 and 2014 are as follows:

- (1) **Cost management** : Net Profit Margin went up from 6.62% to 8.33% as a result of revenue growth and effective cost management, having positive impact to ROE.
- (2) **Asset Turnover** : Asset Turnover slightly dropped from 1.33 to 1.21 times because the Company purchased land to support business expansion, while facing a decline in revenue growth rate caused by the economic slowdown. Consequently, Asset Turnover went down and had a negative impact to ROE.
- (3) **Financial Structure** : Debt to Equity ratio went down from 0.68 to 0.34 times as a result of the working capital management using operating cash flows. The reduction in Debt to Equity ratio had a negative impact to ROE.

13.2 Factors that may have impacts on operating results or financial positions in the future

The expansion of Urban Community and the Proportions of Sales

The Company focuses its distribution in the urban areas where there is a high population density to enable salespersons to perform their duties most effectively. As a result of the trend of domestic economic growth, urban communities have continually expanded. This development has positively contributed to the Company's marketing plan. In addition, it has increased new potential areas, which is an opportunity for the Company's business growth and expansion in the future. In 2014, the proportion of sales between Bangkok and its vicinity as well as upcountry were at 90% and 10%, respectively. The Company expected this proportion to change to 80% and 20% in the year 2015.

Effect from New Accounting Standards Adoption

The Company and its subsidiary have not adopted the new and revised financial reporting standards that have been issued as of the reporting date but are not yet effective. The new and revised financial reporting standards are expected to become effective for annual financial period beginning on or after 1 January 2015

The Company has expected that the new and revised financial reporting standards according to the Federation of Accounting Professions' Notification will be adopted. The Company is considering an effect on the financial statements when such financial reporting standards have been applied. (See further details relating to new and revised financial reporting standards in financial statements)

13.3 Audit Fees

Audit Fees during 2012 to 2014 are summarized below.

Year	Auditor	Audit Fee (Million Baht)	Other Fees (Million Baht)
2012	D I A INTERNATIONAL AUDIT CO., LTD.	0.76	N/A
2013	D I A INTERNATIONAL AUDIT CO., LTD.	1.81	N/A
2014	D I A INTERNATIONAL AUDIT CO., LTD.	1.55	N/A



14. Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
1. Mr. Sahas Treetipout • Chairman of the Board	67	<ul style="list-style-type: none"> - Master of Science (Computer and Information Sciences), Syracuse University, New York, USA. - Statistics Faculty of Commerce and Accountancy Chulalongkorn University. - Successful Formulation & Execution of Strategy (SFE) Class 7/2013 Thai Institute of Directors. - How to Measure the Success of Corporate Strategy (HMS) Class 2/2013 Thai Institute of Directors. - Director Accreditation Program (DAP) Class 28/2004 Thai Institute of Directors. 	-	-	Present 2008 – Present 2001 – Present Present 2004 – Present 2010 – Present 2010 – 2012 2007 – 2008 2006 – 2007 2003 – 2007	Chairman of the Board Chairman of the Board / Audit Committee Director Director Director Adviser Directors Director Extraordinary Commissioner Director	Thiensurat Public Company Limited. Officemate Public Company Limited. Internet Thailand Public Company Limited. MBK Resort Public Company Limited. Netbay Company Limited. Senator. (Finance and Banking) Office of The Electronic Ministry of Information and Communication Technology. MCOT Public Company Limited. Thailand ICT Law Latest. Trade Slam Company Limited.
2. Mr. Werawat Changyoo • Director • Chairman of the Executive Board • Chief Executive Officer	65	<ul style="list-style-type: none"> - Master of Engineer (ENV) University of Roorkee, India. - Bachelor of Science Program in Public Health Mahidol University. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors. - The Boss Class 24., Management and Psychology Institute. 	20.88	<ul style="list-style-type: none"> - Ms. Theinvannee Changyoo's the father - Ms. Savita Changyoo's the father - Mr. Ekarat Changyoo's the father - Mr. Asawin Changyoo's the brother - Mr. Watcharin Watcharatham's the uncle 	2013 – Present 2005 – 2013 Present Present Present Present	Director / Chairman of the Executive Board / Chief Executive Officer Chairman of the Board Chairman of the Board Chairman of the Board Chairman of the Board Chairman of the Board	Thiensurat Public Company Limited. Thiensurat Company Limited. Safe Trade International Company Limited. Ideal Water Company Limited. Better Dreams Company Limited. ThienTham Property Company Limited.

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
3. Mr. Viruch Wongnirund • Directors • Executive Board Member • Managing Director	62	<ul style="list-style-type: none"> - Master of Business Administration (MBA), Florida International University, Miami, Florida, USA. - Certificate in Production and Manufacturing, Florida International University, Miami, Florida, USA. - Bachelor of Science in Industrial Technology (Honor), Florida International University, Miami, Florida, USA. - Associate Degree in Pre-Engineering, Miami- Dade Community College, Miami, Florida, USA. - Audit Committee Program (ACP) Class 37/2011 Thai Institute of Directors. - Successful Formulation & Execution of Strategy Class 11/2010 Thai Institute of Directors. - Director Certification Program (DCP) Class 135/2010 Thai Institute of Directors. 	0.15	-	2013 – Present 2012 – 2013 2010 – Present 2014 – Present 2011 – 2014 2009 – 2012 2002 – 2009 2001 – 2002 1991 – 1998 1989 – 1991 1984 – 1988	Director / Managing Director Organizational Development and Systems Director Director / Risk Management Committee Director / Audit Committee / Executive Management Senior Executive Vice President- Director Central Financial Planning Group Senior Vice President and Manager Management Information Department First Vice President and Manager Computer Audit Department Branch Manager, Los Angeles Deputy Branch Manager, New York Head of the Foreign Branch Loans	Thiensurat Public Company Limited. Thiensurat Company Limited. KTB Computer Services Company Limited. Krungthai-AXA Company Limited. Krungthai-AXA Company Limited. Krung Thai Bank Public Company Limited. Krung Thai Bank Public Company Limited. Krung Thai Bank Public Company Limited. Krung Thai Bank Public Company Limited. The Siam Commercial Bank Public Company Limited.
4. Ms. Theinvanee Changyoo • Director • Executive Board Member • Deputy Managing Director - Business Support Group	34	<ul style="list-style-type: none"> - Master of Business Administration, (Banking & Finance) Denver University, USA. - Master of Science in Finance, Denver University, USA. - Bachelor of Economics Chulalongkorn University. - Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors. - Management Accounting for Non-Financial Executive, Federation of Accounting Professor Under The Royal Patronage of His Majesty The King. 	6.66	<ul style="list-style-type: none"> - Mr. Werawat Changyoo's the daughter - Ms. Savita Changyoo's the older sister - Mr. Ekarat Changyoo's the older sister 	2013 – Present 2013 2009 – 2013 2005 – 2008 2006 – Present 2003 – Present 2005 – Present 2005 – Present	Director / Deputy Managing Director, Business Support Group Director / Managing Director Director / Managing Director Business Development Department Director Director Director Director Director	Thiensurat Public Company Limited. Thiensurat Public Company Limited. Thiensurat Company Limited. Thiensurat Company Limited. Safe Trade International Company Limited. Ideal Water Company Limited. Better Dreams Company Limited. ThienTham Property Company Limited.

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
5. Ms. Savita Changyoo • Director • Executive Board Member • Deputy Managing Director - Marketing Group	33	- Bachelor of Science Program in Home Economics Kasetsart University. - Postgraduate Diploma in Marketing and Management, the United Kingdom. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. - Director Accreditation Program (DAP) Class 99/2012 Thai Institute of Directors.	6.17	- Mr. Werawat Changyoo's the daughter - Ms. Theinvannee Changyoo's the younger sister - Mr. Ekarat Changyoo's the older sister	2013 – Present 2013 2011 – 2013 2005 – 2010 2005 – Present 2005 – Present 2005 – Present	Director / Deputy Managing Director Marketing Group Director Marketing Director Logistics Director Director Director	Thiensurat Public Company Limited. Thiensurat Public Company Limited. Thiensurat Company Limited. Thiensurat Company Limited. Safe Trade International Company Limited. Better Dreams Company Limited. Ideal Water Company Limited.
6. Mr. Ekarat Changyoo • Director • Executive Board Member • Deputy Managing Director – Customer Relations Management Group	30	- Master of science, International Business& English, University of Portsmouth, Hampshire UK. - Bachelor Degree Accounting, Kasetsart University. - Family Business Sustainability (FBS) Class 1/2014 Thai Institute of Directors. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors.	5.94	- Mr. Werawat Changyoo's the son - Ms. Theinvannee Changyoo's the younger brother - Ms. Savita Changyoo's the younger brother	2013 – Present 2012 - 2013 2013 2012 - 2013 2012 2010 – 2011 2008 – 2009	Director / Deputy Managing Director Customer Relations Management Group Deputy Managing, Customer Relations Management Group Deputy Managing Director, Customer Relations Management Group Assistant Managing Director Secretary of Managing Director Assist Merchandise Planner (apparel), Commercial Non-Food Accounting Officer	Thiensurat Public Company Limited. Thiensurat Public Company Limited. Thiensurat Company Limited. Thiensurat Company Limited. Thiensurat Company Limited. Tesco Lotus Thailand. Thiensurat Company Limited.
7. Associate Professor. Boonserm Vimuktanandana • Director • Chairman of Audit Committee • Independent Director	66	- Master of Business Administration, Accountancy (M.B.A. - Accounting), Arizona State University, USA. - Master of Accountancy (M.A.), Chulalongkorn University. - Bachelor of Accountancy (B.A.), Faculty of Commerce and Accountancy, Chulalongkorn University. - Director Accreditation Program (DAP) Class 100/2013 Thai Institute of Directors. - Audit committee Program (ACP) Class 42/2013 Thai Institute of Directors.	-	-	Present 2013 – Present 2008 – Present 2007 – Present 2011 – Present	Director / Chairman of Audit Committee / Independent Director Director / Chairman of Audit Committee / Independent Director The special lecturer Faculty of Commerce and Accountancy Chairman and Director of the Training Projects Subcommittee Test, Practices pertaining to the audit	Thiensurat Public Company Limited. Union Textile Industries Public Company Limited. Chulalongkorn University. Chulalongkorn University. Federation of Accounting Professor Under The Royal Patronage of His Majesty The King.

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
8. Dr. Supree Wongdeeprom Ph.D. • Director • Member of Audit Committee • Independent Director	61	<ul style="list-style-type: none"> - "SartraMethee" Awards (2005) for Business Administration (General Management) granted by Professor Mom Luang Pin Malakul Foundation under the royal patronage of Her Royal Highness Princess MahaChakriSindhorn. - Doctor of Organization Development and Transformation (DODT), Cebu Doctors' University. - Master of Business Administration (M.B.A.), Ramkhamhaeng University - Bachelor of Economics in Industrial Economics, Ramkhamhaeng University - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors 	-	-	Present	Director / Member of Audit Committee / Independent Director	Thiensurat Public Company Limited
					Present	Chairman of the Board	Turnyangporpeang Company Limited
					Present	Chairman of the Board	Medimax Company Limited
					Present	Chairman of the Board	Deepromphun Company Limited
					Present	Special Advisor	Sanchi Ginseng Research Institute of China
					Present	Special instructor	Public and private universities
					Present	Secretary	Thai National Father Association
					Present	Vice-president	Thai-Myanmar cultural and economic cooperation association (TMCECA)
					Present	Committee member	Foundation of pali and dhamma graduates association of Thailand
					Present	Vice-president	under the royal patronage of her royal highness the princess mother Foundation of pali and dhamma graduates association of Thailand
					Present	Secretary	under the royal patronage of her royal highness the princess mother Private security Buddhism in Thailand
					Present	Sub-committee	Subcommittee for consumer protection
					2012-2014	Members of the National Economic and Social Advisory Council (And the chairman of the working practices in improving quality of life, health and consumer protection.)	National Reform Council The National Economic and Social Advisory Council
					2002-2004	Advisory Committee on Public Health Lecturer	House of Representatives Rattana Bundit University
					2001-2002	The Advisory Committee	Committee on Science, Technology and Energy Senate. The National Federation of Thai Film Associations.
					2000-2002	Advisor	House of Representatives
					1999-2001 1999	Advisory Committee on Tourism Board Secretary , Deputy Minister of Transport	
					1998-1999	Board Secretary , Deputy Minister of Education	
					1996-1997	Board Secretary , Deputy Minister of Education	
					1995-1996	Advisor to the Deputy Minister of Public Health	

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
9. Mr. Suthee Triponchaisak • Director • Member of Audit Committee • Independent Director	64	<ul style="list-style-type: none"> - Master of Agricultural Economics Kasetsart University. - Bachelor of Agricultural Economics Kasetsart University. - Director Accreditation Program (DAP) Class 103/2013 Thai Institute of Directors 	-	-	Present	Director / Member of Audit Committee / Independent Director	Thiensurat Public Company Limited.
					Present	Director / Independent Committee Member	KTB General Services Company Limited.
					2006 – 2010	Director	The Thai Institute of Banking and Finance Association.
					2007	Executive Vice President – Director	Krung Thai Bank Public Company Limited.
					2005	Senior Vice President – Director	Krung Thai Bank Public Company Limited.
					1997 – 2001	Director	Housing Finance Association.
					1998 – 2000	Director	Krungthai-AXA Life Company Limited.
					2000	Senior Vice President and Manager	Krung Thai Bank Public Company Limited.
					1998 – 1999	Director	National Credit Bureau.
					1997	First Vice President and Manager	Krung Thai Bank Public Company Limited.
10. Mr. Asawin Changyoo • Executive Board Member • Deputy Managing Director – Legal Group	61	<ul style="list-style-type: none"> - Bachelor of Law Ramkhamhaeng University. - Director Accreditation Program (DAP) Class 99/2012 Thai Institute of Directors. 	1.10	<ul style="list-style-type: none"> - Mr. Werawat Changyoo's the younger brother - Ms. Theinwannee Changyoo's the uncle - Ms. Savita Changyoo's the uncle - Mr. Ekarat Changyoo's the uncle - Mr. Watcharin Watcharatham's the uncle 	Present	Deputy Managing Director – Legal Group	Thiensurat Public Company Limited.
					2013 – 2014	Deputy Managing Director, Managing Director Office	Thiensurat Public Company Limited.
					2013	MD, Office Director	Thiensurat Public Company Limited.
					2011 – 2013	MD, Office Director	Thiensurat Company Limited.
					2010	Director and Director of Legal and Production	Thiensurat Company Limited.
					2005 – 2009	Director and Director Operations Department	Thiensurat Company Limited.
					2005 – Present	Director	Safe Trade International Company Limited.
					2002 – Present	Director	Ideal Water Company Limited.
					2004 – Present	Director	Better Dreams Company Limited.
					2007 – 2009	Director and Committee and Operations Department Director	ThienTham Property Company Limited.

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
11. Mr. Paitoon Homchan • Executive Board Member • Deputy Managing Director - Administrative Management Group	53	- Bachelor of General Management, Valaya Alongkorn Rajabhat University. - Director Accreditation Program (DAP) Class SET/2012 Thai Institute of Directors.	0.99	-	2013 – Present	Deputy Managing Director Administrative Management Group	Thiensurat Public Company Limited.
					2013	Director and Director Administrative Management	Thiensurat Public Company Limited.
					2010 – 2013	Director Administrative Management Department	Thiensurat Company Limited.
					2005 – 2009	Director Administrative Management	Thiensurat Company Limited.
					2005 – Present	Director	Safe Trade International Company Limited.
					2005 – 2013	Director Administrative Management Department	Safe Trade International Company Limited.
					2002 – Present	Director	Ideal Water Company Limited.
					2002 – 2009	Director Administrative Management Department	Ideal Water Company Limited.
					2005 – Present	Director	Better Dreams Company Limited.
					2004 – 2009	Director Administrative Management Department	Better Dreams Company Limited.
					2004 – 2009	Director Administrative Management Department	Safe Direct Company Limited.
12. Mr. Watcharin Watcharatham • Executive Board Member • Deputy Managing Director - Production Group	38	- Bachelor of Public Health Faculty of Public Health Mahidol University. - Director Accreditation Program (DAP) Class 98/2012 Thai Institute of Directors.	0.44	- Mr. Werawat Changyoo's the nephew - Mr. Asawin Changyoo's the nephew	2013 – Present	Deputy Managing Director Production Group	Thiensurat Public Company Limited.
					2013	Director Production	Thiensurat Public Company Limited.
					2011 – 2013	Director Marketing	Thiensurat Company Limited.
					2008 – 2010	Director Production	Thiensurat Company Limited.
					2004 – 2007	Director Production Department	Thiensurat Company Limited.
					2000 – 2003	Marketing Department Manager	Thiensurat Company Limited.
					2005 – Present	Director	Safe Trade International Company Limited.
					2002 – Present	Director	Ideal Water Company Limited.
					2004 – Present	Director	Better Dreams Company Limited.

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
13. Mrs. Pattaranoot Thananiran * • Executive Board Member • Deputy Managing Director – Managing Director Office Group	39	- Master of Accounting, Financial Accounting, Chulalongkorn University. - Bachelor of Business Administration, Accounting (Second Class Honors), Prince of Songkla University. - Certified Public Accountant of Thailand. (CPA)	-	-	2014 – Present 2013 – 2014 2012 – 2013 2011 – 2012	Deputy Managing Director Managing Director Office Group Assistance Managing Director First Vice President, Audit Planning and Analysis Department Vice President Management Information Department	Thiensurat Public Company Limited. Thiensurat Public Company Limited. Krung Thai Bank Public Company Limited. Krung Thai Bank Public Company Limited.
14. Mr. Piyaopong Suwannarat ** • Executive Board Member • Director Business Support Section	36	- Master of Engineering in Engineering Management Colorado State University, Fort Collins, CO, USA. - Bachelor of Engineering in Industrial Engineering Mahidol University	-	-	2013 – 2014 2011 – 2013 2010	Director Business Support Section Director Business Support Section Deputy Director Marketing	Thiensurat Public Company Limited. Thiensurat Company Limited. Thiensurat Company Limited.
15. Mr. Pattanon Premmit*** • Executive Board Member • Deputy Managing Director – Network Group	50	- LL.M.(Business Law) Chulalongkorn University. - LL.B. Chulalongkorn University. - Mini MBA The University of Thai Chamber of Commerce. - Senior Executive Program SASIN, Chulalongkorn University.	-	-	Present 2011 – 2014 2007 – 2011 2006 – 2007 2003 – 2005 2000 – 2002 1997 – 2000	Deputy Managing Director – Network Group Senior Vice President Relationship & Sales Management Vice President Regional Manager Metropolitan 3 Vice President & Manager Head of Business Unit HR Vice President & Manager Head of Learning & Development Vice President - IIBG HR Unit Office of the President Human Resource & Corporate Affairs Director	Thiensurat Public Company Limited. Bangkok Bank Public Company Limited. Bangkok Bank Public Company Limited. Bangkok Bank Public Company Limited. Bangkok Bank Public Company Limited. Bangkok Bank Public Company Limited. King Power International Group of Companies

* Executive Management Position had effective since September 1st, 2014 which approved the resolutions of the board of directors' meeting No.5/2014 held on August 13th, 2014. Deputy Managing Director – Managing Director Office Group Position had effective since December 1st, 2014 which approved the resolutions of the board of directors' meeting No.6/2014 held on November 13th, 2014.)

** Resigned held on September 26th, 2014

Details of the Directors, Executive Board Member, Controlling Person and Company Secretary.

Name / Position	Age	Education	Shareholding	Relations	Work Experience 5 Years up		
					Years	Position	Organizations
16. Mr. Sripat Sahamthapat **** • Executive Board Member • Director of Administrative Management Section	37	- Master of Information Technology, University of South Australia, Australia. - Bachelor of Engineering (Environmental Engineering) Chulalongkorn University.	-	-	2014 – Present 2010 – 2014 2009 – 2010 2003 – 2004 1998 – 2003	Director of Administrative Management Section Planning Manager Connectivity Engineer Computer Systems Officer Environmental Officer	Thiensurat Public Company Limited. Michelin Siam Company Limited. Dimension Data Australia. Ministry of Natural Resources and Environment. Ministry of Science, Technology and Environment.
17. Mr. Tanathan Phomstrong • Accounting and Financial Manager	35	- Bachelor of Business Administration Program in Accounting Kasetsart University.	-	-	2014 – Present 2011 – 2014 2008 – 2011 2002 – 2008	Accounting and Financial Manager Freelance, Audit & Advisory Accounting Manager Senior Assistant Auditor	Thiensurat Public Company Limited. - Ace Life Assurance Company Limited. Deloitte Touche Tohmatsu Jaiyos Company Limited.
18. Mr. Pittaya Utmase ***** • Accounting and Financial Manager (Resigned held on November 16 th , 2014)	35	- Master of Faculty of Business Administration, Accounting Ramkhamhaeng University. - Bachelor of Faculty of Business Administration, Accounting Ramkhamhaeng University.	0.0002	-	2013 – 2014 2011 – 2013 2002 – 2011	Accounting and Financial Manager Accounting and Financial Manager Audit Manager	Thiensurat Public Company Limited. Thiensurat Company Limited. I VL Auditing Company Limited.
19. Ms. Jarunluk Rongkrathok • Company Secretary • Investor Relation Department Manager	39	- Master of Business Administration, (Banking & Finance) Ramkhamhaeng University. - Bachelor of Management Program, (Accounting) Suan Dusit Rajabhat University. - Company Secretary Program (CSP) Class 61/2015 Thai Institute of Directors.	0.0001	-	2013 – Present 2010 – 2013 2008 – 2009 2007 – 2008 2005 – 2006 1996 – 2004	Company Secretary / Investor Relation Department Manager Company Secretary / Investor Relation Department Manager Head of Investor Relation Section Head of SET Cooperation Finance Officer Legal Officer	Thiensurat Public Company Limited. Thiensurat Company Limited. Living Land Capital Public Company Limited. Singer Thailand Public Company Limited. Singer Thailand Public Company Limited. Singer Thailand Public Company Limited.

*** Executive Management Position had effective since January 5th, 2015 which approved the resolutions of the board of directors' meeting No.1/2015 held on January 15th, 2014)

**** Executive Management Position had effective since September 1st, 2014 which approved the resolutions of the board of directors' meeting No.5/2014 held on August 13th, 2014)

***** Resigned held on November 16th, 2014

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Thiensurat PCL. is responsible for and has provided the Consolidated Financial Statements and those for its Subsidiaries together with the associated information relating to their respective financial status as presented in this Annual Report.

These Financial Statements and reports on the performance results for the financial year 2014 are prepared in accordance with generally accepted accounting principles and through the use of appropriate accounting policies that are consistently applied by the Company together with the use of careful consideration and best estimates. Further, all important and relevant information are adequately disclosed within the Notes to the Financial Statements.

Towards this end, the Board of Directors has appointed an Audit Committee consisting of Independent Directors, which is responsible reviewing the quality of these Financial Statements, the internal controls. The opinions and comments of the Audit Committee relating to these matters appear in the Audit Committee's Report that is included this Annual Report.

The Board of Directors is of the opinion that the overall internal controls system of the Company has functioned satisfactorily and, thus, has provided reliable, accurate and adequate information for the Consolidated and Financial Statements and those for its Subsidiaries for the financial year ending December 31, 2014.



Mr. Sahas Treetipbut
Chairman of the Board



Mr. Werawat Changyoo
Chief Executive Officer

***THIENSURAT PUBLIC COMPANY LIMITED AND SUBSIDIARY
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014***



AUDITOR'S REPORT

To The Shareholders of

THIENSURAT PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of THIENSURAT PUBLIC COMPANY LIMITED AND SUBSIDIARY and of THIENSURAT PUBLIC COMPANY LIMITED, which comprise consolidated and separate statements of financial position as at December 31, 2014, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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 standards on auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of THIENSURAT PUBLIC COMPANY LIMITED AND SUBSIDIARY and of THIENSURAT PUBLIC COMPANY LIMITED as at December 31, 2014, and their financial performance and cash flows for the year then ended in accordance with the Thai financial reporting standards.

D I A INTERNATIONAL AUDIT CO., LTD.



(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 27, 2015

STATEMENTS OF FINANCIAL POSITION

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

Assets	Note	Baht		Baht	
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Current assets					
Cash and cash equivalents		8,179,886.55	8,185,696.91	5,022,555.13	7,729,655.58
Temporary investment	7	20,000,000.00	0.00	20,000,000.00	0.00
Hire purchase receivables	8	364,260,167.80	263,203,152.34	364,260,167.80	263,203,152.34
Trade accounts receivable and other receivables	9	30,589,489.30	12,884,231.19	27,574,057.49	11,704,189.29
Current portion of long term receivable transferred	10	15,045,571.90	15,571,609.66	15,045,571.90	15,571,609.66
Inventories	11	59,848,911.12	52,909,442.46	59,751,531.40	50,088,207.76
Total current assets		497,924,026.67	352,754,132.56	491,653,883.72	348,296,814.63
Non-current assets					
Hire purchase receivables due over 1 year	8	1,229,336.08	0.00	1,229,336.08	0.00
Receivable transferred due over 1 year	10	20,318,269.59	23,166,630.99	20,318,269.59	23,166,630.99
Restricted bank deposits	12	96,203,248.29	162,689.18	96,203,248.29	162,689.18
Investments in subsidiary	13	0.00	0.00	3,999,200.00	3,999,200.00
Investment properties	14	58,935,683.24	59,189,183.35	58,935,683.24	59,189,183.35
Property, plant and equipment	15	387,340,746.08	332,988,525.53	376,277,803.19	320,721,860.58
Property, plant and equipment	16	10,901,537.58	7,062,033.23	10,901,537.58	7,062,033.23
Deferred tax assets	28.3	8,719,896.23	6,280,778.47	8,124,706.03	5,655,203.87
Other non-current assets		1,481,024.80	801,437.50	1,477,024.80	797,437.49
Total non-current assets		585,129,741.89	429,651,278.25	577,466,808.80	420,754,238.69
Total assets		1,083,053,768.56	782,405,410.81	1,069,120,692.52	769,051,053.32

Notes to financial statements are parts of these financial statements.



THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION (Cont'd)
AS AT DECEMBER 31, 2014

Liabilities and shareholders' equity	Note	Baht		Baht	
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	17	21,257,875.47	80,616,219.58	21,257,875.47	78,977,646.82
Trade accounts payable and other payables	18	79,617,955.86	70,614,843.56	78,847,461.67	69,256,367.61
Current portion of long-term debt	19	22,614,540.42	25,861,491.77	22,614,540.42	25,861,491.77
Current portion of liabilities under financial lease	20	24,126,854.20	19,612,577.94	22,657,455.45	19,050,725.19
Accrued income tax		12,599,959.10	5,852,568.62	11,708,140.08	5,318,852.79
Total current liabilities		160,217,185.05	202,557,701.47	157,085,473.09	198,465,084.18
Non-current liabilities					
Long-term loans from financial institutions	19	57,948,705.79	62,203,884.01	57,948,705.79	62,203,884.01
Liabilities under financial lease	20	40,043,908.62	37,099,689.37	39,795,049.27	35,477,584.70
Employee benefit obligations	21	16,746,520.00	15,944,659.00	13,770,569.00	12,816,786.00
Total non-current liabilities		114,739,134.41	115,248,232.38	111,514,324.06	110,498,254.71
Total liabilities		274,956,319.46	317,805,933.85	268,599,797.15	308,963,338.89

Notes to financial statements are parts of these financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENTS OF FINANCIAL POSITION (Cont'd) AS AT DECEMBER 31, 2014

Liabilities and shareholders' equity	Note	Baht		Baht	
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Shareholders' equity					
Share capital					
Authorized share capital	22				
344,000,000 common shares of Baht 1.00 each		344,000,000.00	344,000,000.00	344,000,000.00	344,000,000.00
Issued and paid - up share capital					
344,000,000 common shares of Baht 1.00 each		344,000,000.00		344,000,000.00	
258,000,000 common shares of Baht 1.00 each			258,000,000.00		258,000,000.00
Premium on common share capital	22.1.4	206,770,000.00	0.00	206,770,000.00	0.00
Premium on share-based payments	3.4	10,249,050.00	10,249,050.00	10,249,050.00	10,249,050.00
Difference of changes in investment proportion in subsidiary	4.5, 13	(1,346,876.46)	(1,346,876.46)	0.00	0.00
Retained earnings					
Appropriated legal reserve	23	10,458,345.89	5,925,361.84	10,458,345.89	5,925,361.84
Unappropriated		237,964,615.94	191,770,239.39	229,043,499.48	185,913,302.59
Total owners of the Company		808,095,135.37	464,597,774.77	800,520,895.37	460,087,714.43
Non-controlling interests		2,313.73	1,702.19	0.00	0.00
Total shareholders' equity		808,097,449.10	464,599,476.96	800,520,895.37	460,087,714.43
Total liabilities and shareholders' equity		1,083,053,768.56	782,405,410.81	1,069,120,692.52	769,051,053.32

Notes to financial statements are parts of these financial statements.



STATEMENTS OF COMPREHENSIVE INCOME

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Baht		Baht	
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues from sales of goods	24	996,831,341.44	902,252,237.49	965,468,520.12	865,650,436.55
Realized interest under hire purchase		128,423,250.12	110,061,418.63	128,423,250.12	110,061,418.63
Total revenues		1,125,254,591.56	1,012,313,656.12	1,093,891,770.24	975,711,855.18
Cost of sales	25	(201,332,292.91)	(174,663,878.34)	(199,141,187.46)	(174,442,932.81)
Financial costs		(6,510,236.58)	(13,505,301.57)	(6,204,785.53)	(13,375,883.77)
Total cost		(207,842,529.49)	(188,169,179.91)	(205,345,972.99)	(187,818,816.58)
Gross profit		917,412,062.07	824,144,476.21	888,545,797.25	787,893,038.60
Other income	26	35,302,389.85	17,470,538.88	35,595,805.54	18,257,737.54
Profit before expenses		952,714,451.92	841,615,015.09	924,141,602.79	806,150,776.14
Selling expenses		(564,327,679.71)	(524,926,731.40)	(547,224,249.30)	(503,142,714.52)
Administrative expenses		(191,159,541.58)	(168,277,936.12)	(183,697,277.48)	(160,698,180.76)
Bad debt and doubtful accounts		(81,531,325.13)	(59,613,287.65)	(81,531,325.13)	(59,613,287.65)
Total expenses		(837,018,546.42)	(752,817,955.17)	(812,452,851.91)	(723,454,182.93)
Profit before income tax		115,695,905.50	88,797,059.92	111,688,750.88	82,696,593.21
Income tax expenses	28	(21,971,433.36)	(21,746,329.14)	(21,029,069.94)	(20,355,682.26)
Profit for the year		93,724,472.14	67,050,730.78	90,659,680.94	62,340,910.95
Other comprehensive income		0.00	0.00	0.00	0.00
Total comprehensive income for the year		93,724,472.14	67,050,730.78	90,659,680.94	62,340,910.95
Attributable to :					
Owners of the Company		93,723,860.60	67,049,838.75	90,659,680.94	62,340,910.95
Non-controlling interests		611.54	892.03	0.00	0.00
		93,724,472.14	67,050,730.78	90,659,680.94	62,340,910.95
Earnings per share					
Basic earnings per share	4.17	0.31	0.27	0.30	0.25
Number of weighted average of common shares (share)		304,887,671	251,219,178	304,887,671	251,219,178

Notes to financial statements are parts of these financial statements.



STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Consolidated financial statements							Baht	
		Issued and paid-up share capital	Premium on common share capital	Premium on share-based payments	Difference of changes in investments proportion in subsidiary	Retained earnings		Total owners of the Company	Non-controlling interests	Total
						Appropriated Legal reserve	Unappropriated			
Beginning balance as at January 1, 2013		233,000,000.00	0.00	0.00	(1,346,876.46)	2,796,000.00	127,849,762.48	362,298,886.02	810.16	362,299,696.18
Proceeds from common shares	22.1.3	25,000,000.00	0.00	0.00	0.00	0.00	0.00	25,000,000.00	0.00	25,000,000.00
Shareholder item directly charged to equity - share-based payments		0.00	0.00	10,249,050.00	0.00	0.00	0.00	10,249,050.00	0.00	10,249,050.00
Legal reserve	23	0.00	0.00	0.00	0.00	3,129,361.84	(3,129,361.84)	0.00	0.00	0.00
Total comprehensive income for the year		0.00	0.00	0.00	0.00	0.00	67,049,838.75	67,049,838.75	892.03	67,050,730.78
Ending balance as at December 31, 2013		258,000,000.00	0.00	10,249,050.00	(1,346,876.46)	5,925,361.84	191,770,239.39	464,597,774.77	1,702.19	464,599,476.96
Beginning balance as at January 1, 2014		258,000,000.00	0.00	10,249,050.00	(1,346,876.46)	5,925,361.84	191,770,239.39	464,597,774.77	1,702.19	464,599,476.96
Proceeds from common shares	22.1.3	86,000,000.00	0.00	0.00	0.00	0.00	0.00	86,000,000.00	0.00	86,000,000.00
Premium on common share capital	22.1.4	0.00	206,770,000.00	0.00	0.00	0.00	0.00	206,770,000.00	0.00	206,770,000.00
Dividend paid	22.2.1	0.00	0.00	0.00	0.00	0.00	(25,800,000.00)	(25,800,000.00)	0.00	(25,800,000.00)
Interim dividend paid	22.2.2	0.00	0.00	0.00	0.00	0.00	(17,196,500.00)	(17,196,500.00)	0.00	(17,196,500.00)
Legal reserve	23	0.00	0.00	0.00	0.00	4,532,984.05	(4,532,984.05)	0.00	0.00	0.00
Total comprehensive income for the year		0.00	0.00	0.00	0.00	0.00	93,723,860.60	93,723,860.60	611.54	93,724,472.14
Ending balance as at December 31, 2014		344,000,000.00	206,770,000.00	10,249,050.00	(1,346,876.46)	10,458,345.89	237,964,615.94	808,095,135.37	2,313.73	808,097,449.10

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Separate financial statements					Beht	
		Issued and paid-up share capital	Premium on common share capital	Premium on share-based payments	Retained earnings		Total	
					Appropriated Legal reserve	Unappropriated		
Beginning balance as at January 1, 2013		233,000,000.00	0.00	0.00	2,796,000.00	126,701,753.48	362,497,753.48	
Proceeds from common shares	22.1.3	25,000,000.00	0.00	0.00	0.00	0.00	25,000,000.00	
Shareholder item directly charged to equity-share based payments		0.00	0.00	10,249,050.00	0.00	0.00	10,249,050.00	
Legal reserve	23	0.00	0.00	0.00	3,129,361.84	(3,129,361.84)	0.00	
Total comprehensive income for the year		0.00	0.00	0.00	0.00	62,340,910.95	62,340,910.95	
Ending balance as at December 31, 2013		258,000,000.00	0.00	10,249,050.00	5,925,361.84	185,913,302.59	460,087,714.43	
Beginning balance as at January 1, 2014		258,000,000.00	0.00	10,249,050.00	5,925,361.84	185,913,302.59	460,087,714.43	
Proceeds from common shares	22.1.3	86,000,000.00	0.00	0.00	0.00	0.00	86,000,000.00	
Premium on common share capital	22.1.4	0.00	206,770,000.00	0.00	0.00	0.00	206,770,000.00	
Dividend paid	22.2.1	0.00	0.00	0.00	0.00	(25,800,000.00)	(25,800,000.00)	
Interim dividend paid	22.2.2	0.00	0.00	0.00	0.00	(17,196,500.00)	(17,196,500.00)	
Legal reserve	23	0.00	0.00	0.00	4,532,984.05	(4,532,984.05)	0.00	
Total comprehensive income for the year		0.00	0.00	0.00	0.00	90,659,680.94	90,659,680.94	
Ending balance as at December 31, 2014		344,000,000.00	206,770,000.00	10,249,050.00	10,458,345.89	229,043,499.48	800,520,895.37	

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CASH FLOWS

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before income tax	115,695,905.50	88,797,059.92	111,688,750.88	82,696,593.21
Adjustments of profit before income tax expense to cash receipt (disbursement) from operation activities				
Depreciation and amortization	21,629,786.92	17,035,538.94	20,266,090.96	15,720,378.68
Bad debt and doubtful accounts	81,531,325.13	59,613,287.65	81,531,325.13	59,613,287.65
Loss from inventories devaluation (Reversal)	(224,881.94)	704,982.03	(224,881.94)	704,982.03
Reserve for goods returned - cash selling	261,715.34	619,167.29	261,715.34	619,167.29
Loss from impairment of assets	252,878.69	0.00	252,878.69	0.00
Loss from disuse of assets	48,114.19	0.00	48,114.19	0.00
(Gain) on sales from assets	(214,073.90)	(1,223,139.03)	(94,075.90)	(1,224,618.32)
Provision for employee benefit	1,240,761.00	2,345,939.00	953,783.00	2,030,873.00
Interest expenses	6,510,236.58	13,505,301.57	6,204,785.53	13,375,883.77
Premium on share-based payments	0.00	10,249,050.00	0.00	10,249,050.00
Profit from operations before changes in operating assets and liabilities	226,731,767.51	191,647,187.37	220,888,485.88	183,785,597.31
(Increase) Decrease in changes in operating assets				
Hire purchase receivable	(183,721,011.90)	(41,903,416.36)	(183,721,011.90)	(41,903,416.36)
Trade accounts receivable and other receivables	(18,063,638.22)	3,724,253.91	(16,228,248.31)	12,752,115.44
Receivable transferred	3,374,399.16	(6,294,481.64)	3,374,399.16	(6,294,481.64)
Inventories	(6,714,586.72)	(7,646,830.29)	(9,438,441.70)	(8,095,392.87)
Other non-current assets	(679,587.30)	146,358.95	(679,587.31)	134,108.95
Increase (Decrease) in changes in operating liabilities				
Trade accounts payable and other payables	6,076,542.18	(7,651,346.66)	6,664,523.94	(2,114,838.66)
Employee benefit obligations paid	(438,900.00)	(274,900.00)	0.00	(274,900.00)
Cash received (paid) from operation	26,564,984.71	131,746,825.28	20,860,119.76	137,988,792.17
Interest expenses paid	(6,693,037.80)	(13,505,301.57)	(6,387,586.75)	(13,375,883.77)
Income tax paid	(17,663,160.64)	(35,779,741.81)	(17,109,284.81)	(32,071,722.66)
Net cash provided by (used in) operating activities	2,208,786.27	82,461,781.90	(2,636,751.80)	92,541,185.74

Notes to financial statements are parts of these financial statements



STATEMENTS OF CASH FLOWS (Continued)

THIENSURAT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY STATEMENTS OF CASH FLOWS (Continued) FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Baht		Baht	
		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Cash flows from investing activities					
Cash received (paid) in restricted bank deposits		(96,040,559.11)	5,672,986.77	(96,040,559.11)	5,672,986.77
Cash received (paid) from temporary investment		(20,000,000.00)	0.00	(20,000,000.00)	0.00
Cash received from sales of equipment		334,953.27	1,791,883.17	214,953.27	1,791,883.17
Cash paid for purchasing land, building and equipment		(57,964,799.23)	(88,527,542.32)	(57,904,823.33)	(88,204,951.86)
Cash paid for purchasing of intangible assets		(4,673,246.02)	(220,500.00)	(4,673,246.02)	(220,500.00)
Net cash provided by (used in) investing activities		(178,343,651.09)	(81,283,172.38)	(178,403,675.19)	(80,960,581.92)
Cash flows from financing activities					
Cash received (paid) in bank overdrafts and short-term loans from financial institutions		(59,358,344.11)	(57,922,211.67)	(57,719,771.35)	(59,560,784.43)
Cash received from long-term loans from financial institutions		20,300,000.00	39,000,000.00	20,300,000.00	39,000,000.00
Cash paid for long-term loans from financial institutions		(27,802,129.57)	(38,650,016.38)	(27,802,129.57)	(38,650,016.38)
Liabilities under financial lease		(6,783,971.86)	14,714,875.86	(6,218,272.54)	15,238,422.63
Cash received from common shares		86,000,000.00	25,000,000.00	86,000,000.00	25,000,000.00
Cash received from premium on common share capital		206,770,000.00	0.00	206,770,000.00	0.00
Dividend paid		(42,996,500.00)	0.00	(42,996,500.00)	0.00
Net cash provided by (used in) financing activities		176,129,054.46	(17,857,352.19)	178,333,326.54	(18,972,378.18)
Net increase (decrease) in cash and cash equivalents		(5,810.36)	(16,678,742.67)	(2,707,100.45)	(7,391,774.36)
Cash and cash equivalents, beginning of the year		8,185,696.91	24,864,439.58	7,729,655.58	15,121,429.94
Cash and cash equivalents, end of the year	6	8,179,886.55	8,185,696.91	5,022,555.13	7,729,655.58

Notes to financial statements are parts of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. GENERAL INFORMATION

- 1.1 Thiensurat Company Limited was registered as a company limited in accordance with the Civil and Commercial Code of Thailand on February 13, 1992 with registration No. 0125535000719 and registered to be public company limited on March 12, 2013 with registration No. 0107556000213 in order to engage business of manufacturing and distribution of water filter.
- 1.2 The Company is located at 43/9 Moo7, Soi Chuchart Anusorn 4, Tumbol Bang talad, Amphur Pakkred, Nonthaburi.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Financial statements preparation

The financial statements have been prepared in conformity with financial reporting standards, enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 New accounting standards adoption.

The Federation of Accounting Professions issued accounting standards, financial reporting standards and standing interpretations which are expected to be effective for the financial statements beginning on or after 1 January 2014 as detailed below:

Thai Financial Reporting Standards	Contents	Effective date
Thai Accounting Standards		
TAS 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS 17 (Revised 2012)	Leases	January 1, 2014
TAS 18 (Revised 2012)	Revenue	January 1, 2014
TAS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rate	January 1, 2014
TAS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28 (Revised 2012)	Investments in Associates	January 1, 2014
TAS 31 (Revised 2012)	Interests in Joint Venture	January 1, 2014
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 36 (Revised 2012)	Impairment of Assets	January 1, 2014



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Thai Financial Reporting Standards	Contents	Effective date
<u>Thai Accounting Standards</u>		
TAS 38 (Revised 2012)	Intangible Assets	January 1, 2014
<u>Thai Financial Reporting Standards</u>		
TFRS 2 (Revised 2012)	Share-Based Payments	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 5 (Revised 2012)	Non-current assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
<u>Thai Standing Interpretations Committee</u>		
TSIC 15	Operating Leases-Incentives	January 1, 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal	January 1, 2014
TSIC 29	Service Concession Arrangements : Disclosures	January 1, 2014
TSIC 32	Intangible Assets-Web Site Costs	January 1, 2014
<u>Thai Financial Reporting Interpretations Committee</u>		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRIC 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customers Loyalty Programmes	January 1, 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC 18	Transfers of Assets from Customers	January 1, 2014

The management of the Company and its subsidiary has already assessed that the above Thai accounting standards, Thai financial reporting standards, Thai standing interpretations Committee and Thai financial reporting standard interpretations Committee have no significant impact to the financial statements.

2.3 Thai Accounting standards that will become effective in the future

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial period beginning on or after 1 January in the year indicated in the following table.

Thai Financial Reporting Standards	Contents	Effective date
<u>Thai Accounting Standards</u>		2015
	Conceptual Framework for Financial Reporting (Revised 2014)	
TAS 1 (Revised 2014)	Presentation of Financial Statements	2015
TAS 2 (Revised 2014)	Inventories	2015
TAS 7 (Revised 2014)	Statement of Cash Flows	2015
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (Revised 2014)	Events After the Reporting Period	2015
TAS 11 (Revised 2014)	Construction Contracts	2015
TAS 12 (Revised 2014)	Income Taxes	2015
TAS 16 (Revised 2014)	Property, Plant and Equipment	2015
TAS 17 (Revised 2014)	Leases	2015
TAS 18 (Revised 2014)	Revenue	2015
TAS 19 (Revised 2014)	Employee Benefits	2015
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (Revised 2014)	Borrowing Costs	2015
TAS 24 (Revised 2014)	Related Party Disclosures	2015
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (Revised 2014)	Separate Financial Statements	2015
TAS 28 (Revised 2014)	Investments in Associates and Joint Venture	2015
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics	2015
TAS 33 (Revised 2014)	Earnings per Share	2015
TAS 34 (Revised 2014)	Interim Financial Reporting	2015
TAS 36 (Revised 2014)	Impairment of Assets	2015
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (Revised 2014)	Intangible Assets	2015
TAS 40 (Revised 2014)	Investment Property	2015



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Thai Financial Reporting Standards	Contents	Effective date
TFRS 2 (Revised 2014)	Share-Based Payments	2015
TFRS 3 (Revised 2014)	Business Combinations	2015
TFRS 4 (Revised 2014)	Insurance Contracts	2016
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (Revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
<u>Thai Standing Interpretations Committee</u>		
TSIC 10 (Revised 2014)	Government Assistance – No Specific Relation to Operating Activities	2015
TSIC 15 (Revised 2014)	Operating Leases – Incentives	2015
TSIC 25 (Revised 2014)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions Involving The Legal Form of a Lease	2015
TSIC 29 (Revised 2014)	Service Concession Arrangements : Disclosures	2015
TSIC 31 (Revised 2014)	Revenue – Barter Transactions Involving Advertising Services	2015
TSIC 32 (Revised 2014)	Intangible Assets – Web Site Costs	2015
<u>Thai Financial Reporting Interpretations Committee</u>		
TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration Similar Liabilities	2015
TFRIC 4 (Revised 2014)	Determining Whether an Arrangement Contains a Lease	2015
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (Revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (Revised 2014)	Customer Loyalty Programmers	2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Thai Financial Reporting Standards	Contents	Effective date
Thai Financial Reporting Interpretations Committee		
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (Revised 2014)	Distributions of Non – cash Assets to Owners	2015
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015

The management has expected that the new issued and revised TFRS according to the Federation of Accounting Professions' Notification will be adopted. The management is considering an effect on the financial statements when such TFRS has been applied

3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

- 3.1 These financial statements have been consolidated by including the financial statements of subsidiary in which Thiensurat Public Company Limited has a power to control such company. Balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements on the controllable date up to the date of control is ceased.
- 3.2 These consolidated financial statements are prepared with the objective to show the consolidated financial position and the results of operation of Thiensurat Public Company Limited and its subsidiary only. The usefulness of these financial statements for other purposes may be limited due to the difference in types of business of those companies in the consolidated financial statements.
- 3.3 The consolidated financial statements consist of the financial statements of Thiensurat Public Company Limited, a parent company, and its subsidiary that the Company has shareholding or has significant influence in its subsidiary as follows:

Company name	Type of business	Paid-up share capital	Percentage of investment	
			(%)	
			2014	2013
Safe Trade International Co., Ltd.	Distribution of water filter	4,000,000.00	99.98	99.98

3.4 Share-based payments

In the first quarter of 2013, a major of the Company entered into agreement for granting personal 4,515,000 shares to a group of employees and related persons at par value. Such transaction is required as share-based payments in accordance with the financial reporting standards No. 2 (TFRS 2), the Company has to measure share granted to employees and related persons at the grant date by the fair value and is expensed with a corresponding increase in equity in accordance with TFRS 2.



The fair value determined at the grant date of the equity-settle share-based payment by the independent appraiser using discounted cash flow approach, the expected cash flows by cash flow to equity method and the present value by discount rate at 14.5% and terminal growth rate at the rate of 0% per annum. From such assumption, the fair value of share equal to Baht 3.27 per share.

The Company has recorded expenses related to share granted between major shareholders with employees and related persons amount of Baht 10,249,050 under the account "employees expenses" with recognized "premium on share-based payments by the same amount in shareholders' equity.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses recognition

4.1.1 The Company recognized hire-purchase interest income as unrealized interest, is recognized as income based on the instalments due using the effective interest rate method over the hire purchase contract. Hire purchase interest will be stopped to recognized if the default of repayment exceeds three instalments upwards.

4.1.2 Revenues from sales are recognized when the goods are delivered, the significant risk and rewards have been transferred to the buyer.

4.1.3 Other income and expenses are recognized an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and all type of deposit at banks excluding deposit which held to maturity and short-term highly liquid investments that are not subject to significant risk of change in value.

4.3 Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are stated at the rights to receive amount less allowance for doubtful accounts. The Company and subsidiary provided allowance for doubtful accounts equal to the estimated uncollectable amount. The estimates is based on historical collection experiences and analytical review of each individual accounts by the considering of the management.

Bad debt incurred will be recognized in statements of comprehensive income as part of administrative expenses.

The basis of allowance for doubtful accounts of hire purchase receivable for the years ended December 31, 2014 and 2013 as follows:

	2014	2013
	Percentage	Percentage
Normal receivable	1	0
Overdue 1 instalment	6	5
Overdue 2 instalments	30	15
Overdue 3 instalments	50	30
Overdue exceeding 3 instalments	100	100

The Company provides allowance for goods returned at 1 % of total sales at the end of the month in each period.

4.4 Inventories

Inventories are stated at cost on a first-in first-out basis or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less other necessary expenses to make the sale.

4.5 Investment in a subsidiary

A subsidiary is an entity that is controlled by the parent in the group of company when the parent owns, directly or indirectly through subsidiary, more than half of the voting power of an entity or has the power to govern the financial and operating policies of subsidiary. Such subsidiary are consolidated in the financial statements preparation from the effective date of acquisition or up to the effective date of dispose. Intergroup balances and transactions, including unrealized profits have been eliminated from these consolidated financial statements. Uniform accounting policies of subsidiary have been changed to use throughout the group in the consolidated financial statements. Investments in subsidiary presented in separate financial statements are carried at the cost.

4.6 Investment properties

Investment properties shall be measured initially at their cost. Transaction costs (if any) shall be included in the initial measurement. The Company records investment properties at cost less accumulated depreciation and provision for impairment of assets (if any).

Investment properties in form of land were not depreciated.

Depreciation is recorded in profit and loss which is determined on a straight line basis over the estimated useful lives of each assets as follows:

	Number of years
Building	20

4.7 Property, plant and equipment

Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Land is stated at cost less provision for impairment of assets (if any).

The Company and its subsidiary calculated depreciation on straight-line method over estimated useful life of assets as follows:



	Number of years
Land improvements	10
Building and building Improvements	20, 27
Tools and equipment	5
Office equipment	5
Furniture and fixture	5
Computer and accessories	3-5
Vehicles	5

The Company and its subsidiary will derecognize carrying amount and accumulated depreciation of assets when disposal or termination and recognize gain or loss on disposal in statement of comprehensive income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, determined from the present value of cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal whichever is higher. Carrying value is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in as incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing assets will flow to the Group of company. Major renovations are depreciated over the remaining useful life of the related asset.

Gain or loss from disposals land, building and equipment is determined by comparing proceeds with the carrying amount and are included in operating profit.

Assets under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended use.

Interest costs on borrowings to finance the construction of building and equipment are capitalized as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on borrowings.

4.8 Intangible assets

Intangible assets mean the assets which indication to be derived the expected future benefits, computer software are stated at cost less accumulated amortization and provision for impairment of assets (if any).

The Company and its subsidiary amortized intangible assets on a straight-line basis on over the useful lives for 3-10 years.

4.9 Impairment of assets

The Company and its subsidiary has assessed the impairment of investment, investment properties, land building and equipment, intangible assets whenever events or changes indicated that the carrying amount of an asset exceeds its recoverable value. The impairment loss will be recognized in the statements of

comprehensive income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment by recording in "other income".

Recoverable value of assets mean net selling price of assets or utilization value whichever is higher and will be estimated from each asset item or each asset unit generating cash flow, whichever is practical.

4.10 Long-term lease

Leases which transferring a significant portion of the risks and rewards of ownership to the lessee are classified as financial leases. Financial leases are recorded as capital expenditures at the lower or the fair value of the leased assets as at the inception of the lease or the present value of the minimum lease payments. Lease payments are apportioned by deducting the finance charge are recorded as long-term liabilities.

Interest expenses will be recorded in statements of comprehensive income on over the period of the lease. Assets acquisition from financial lease agreement is depreciated on over the period of the useful lives of the leased assets.

Long-term leases which transferring a significant portion of the risks and rewards of ownership to the lessor are classified as operating leases. Payments made under operating leases (net of rewards obtained from the lessor) are charged to the statement of comprehensive income by using a straight line method on over period of the lease.

4.11 Employee expenses

The Company and its subsidiary record salaries, wages, bonus and social security fund as expenses as incurred. Employee benefit obligations under the new accounting policy, post-employment benefits are recorded in the financial statements, is estimated on an actuarial basis using Project Unit Credit Method by the actuary. Previously, the Company has recognized the obligations a incurred.

4.12 Accounting estimates

Preparation of financial statements in conformity with Thai Financial Reporting Standards required the management to make several estimation and assumption which affected the amounts in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

4.13 Provisions

The Company and its subsidiary recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

4.14 Related parties transactions

Enterprise and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key



management personnel, including directors and officers of the Company which has a power in planning and operating control.

4.15 Financial instruments

Financial instruments shown in the statement of financial position consist of cash and cash equivalents, hire purchase receivable, trade accounts receivable, and other receivables, bank overdrafts and short-term and long-term loans from financial institution, trade accounts payable and other payables, and liabilities under financial lease. Accounting policies regarding to recognition and measurement have been disclosed for each related transaction.

4.16 Income Tax

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

4.16.1 Current income tax

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

4.16.2 Deferred tax

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized except:
 - Where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
 - In respect of deductible temporary differences associated with investments in subsidiary, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Moreover, unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered. The Company recognized deferred tax directly to shareholders' equity, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company its subsidiary intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.17 Basic earnings (loss) per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings (loss) per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up during the year.

For the year ended December 31, 2014, basic earnings (loss) per share is recalculated by the weighted average number of convertible shares as if the conversion occurred since the beginning of the first reporting period.

The calculation of basic earnings per share for the years ended December 31, 2014 and 2013 is as follows :

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Total comprehensive income for the period	93,724,472.14	67,050,730.78	90,659,680.94	62,340,910.95
Number of common shares issued on January 1	258,000,000	233,000,000	258,000,000	233,000,000
Effect of increased common shares issuance	46,887,671	18,219,178	46,887,671	18,219,178
Weighted average number of shares (share)	304,887,671	251,219,178	304,887,671	251,219,178
Basic earnings per share (Baht/share)	0.31	0.27	0.30	0.25



5. TRANSACTIONS WITH RELATED PARTIES

5.1 Relationship and pricing policy

Related companies and person

Safe Trade International Co., Ltd.

The Company held share capital at 99.98% (subsidiary) and common director.

Better Dreams Co., Ltd.

In 2014 and 2013, a shareholder of the Company had shareholding 25.50% and 34%, respectively and common director.

Ideal Water Co., Ltd.

Common director

Internet (Thailand) Plc.

Common director

Office Mate Plc.

Common director

Thienthum Real Estate Co., Ltd.

Common major shareholder

Mr.Sahas Treetipbut

Director of Thiensurat Plc.

Pricing policy with related parties

Sales of goods

Cost plus margin at 18-84%

Other revenue

The price as mutually agreed.

Purchases of goods and materials

Cost plus margin at 5-30% or market value

Building rental

Comparable price with rental of nearly building

Consulting fees

The price as mutually agreed.

Guarantee by directors

Non-interest bearing

5.2 Balances with related parties

Balances with related parties as at December 31, 2014 and 2013 are as follows :

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts receivable				
Safe Trade International Co., Ltd.	0.00	0.00	6,337,173.04	3,555,515.12
Total	0.00	0.00	6,337,173.04	3,555,515.12
Other accounts receivable				
Better Dreams Co., Ltd.	1,780.00	1,570.00	1,780.00	1,570.00
Ideal Water Co., Ltd.	4,728.00	10,654.72	4,728.00	10,654.72
Total	6,508.00	12,224.72	6,508.00	12,224.72
Trade accounts payable				
Ideal Water Co., Ltd.	21,065.30	17,662.46	0.00	108.03
Total	21,065.30	17,662.46	0.00	108.03
Other payable				
Office Mate Plc.	9,007.01	17,800.23	9,007.01	17,800.23
Internet (Thailand) Plc.	29,960.00	0.00	29,960.00	0.00
Total	38,967.01	17,800.23	38,967.01	17,800.23

5.3 Income and expenses with related parties

Transactions with related parties for the years ended December 31, 2014 and 2013 are as follows :

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Revenues from sales of goods				
Safe Trade International Co., Ltd.	0.00	0.00	37,110,743.64	52,043,865.47
Better Dreams Co., Ltd.	0.00	259,721.60	0.00	259,721.60
Total	0.00	259,721.60	37,110,743.64	52,303,587.07



	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Revenues from Rental				
Safe Trade International Co., Ltd.	0.00	0.00	310,560.00	680,000.00
Better Dreams Co., Ltd.	238,864.00	215,584.00	238,864.00	215,584.00
Ideal Water Co., Ltd.	120,000.00	120,000.00	120,000.00	120,000.00
Total	358,864.00	335,584.00	669,424.00	1,015,584.00
Other income				
Safe Trade International Co., Ltd.	0.00	0.00	247,791.70	311,869.12
Better Dreams Co., Ltd.	266,219.64	353,085.10	266,219.64	353,085.10
Ideal Water Co., Ltd.	32,794.21	9,957.68	32,794.21	9,957.68
Total	299,013.85	363,042.78	546,805.55	674,911.90
Purchase of goods				
Ideal Water Co., Ltd.	553,008.40	301,971.38	125,190.40	5,048.00
Total	553,008.40	301,971.38	125,190.40	5,048.00
Purchase of fixed assets				
Safe Trade International Co., Ltd.	0.00	0.00	120,000.00	0.00
Ideal Water Co., Ltd.	100,000.00	0.00	100,000.00	0.00
Total	100,000.00	0.00	220,000.00	0.00
Consulting fee				
Mr.Sahas Treetipbutra	2,395,000.00	1,800,000.00	2,395,000.00	1,800,000.00
Total	2,395,000.00	1,800,000.00	2,395,000.00	1,800,000.00
Rental and services				
Internet (Thailand) Plc.	28,000.00	313,935.48	28,000.00	313,935.48
Total	28,000.00	313,935.48	28,000.00	313,935.48

Other expenses

Safe Trade International Co., Ltd.

Office Mate Plc.

Total

Baht		Baht	
Consolidated financial statements		Separate financial statements	
2014	2013	2014	2013
0.00	0.00	688,727.76	658,064.32
187,978.90	303,789.38	181,921.50	303,397.79
187,978.90	303,789.38	870,649.26	961,462.11

6. ADDITIONAL INFORMATION OF CASH FLOWS

Cash and cash equivalents consist of cash on hand and balance at bank. Cash and cash equivalent in the statement of cash flows compound from item in the statement of financial position as follows:

6.1 Cash and cash equivalents

Cash and cash equivalents as at December 31, 2014 and 2013 consist of:

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	2,955,732.00	4,252,418.00	2,939,749.00	4,083,699.00
Current accounts	4,049,244.86	2,331,720.34	910,443.04	2,045,138.86
Savings deposit	878,792.57	1,334,023.46	876,245.97	1,333,282.61
Fixed deposit with 3 months maturity	296,117.12	267,535.11	296,117.12	267,535.11
Total	8,179,886.55	8,185,696.91	5,022,555.13	7,729,655.58

6.2 Non cash transaction

As at December 31, 2014, the Company and its subsidiary purchased assets by credit amount of Baht 3.11 million and assets under financial lease contract Baht 14.24 million (Consolidated financial statements) and the Company purchased assets by credit amount of Baht 3.11 million and assets under financial lease contract Baht 14.14 million (Separate financial statements)



7. TEMPORARY INVESTMENT

Temporary investment as at December 31, 2014 and 2013 consist of:

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Fixed deposit	20,000,000.00	0.00	20,000,000.00	0.00
	20,000,000.00	0.00	20,000,000.00	0.00

8. HIRE-PURCHASE RECEIVABLES

Hire-purchase receivables as at December 31, 2014 and 2013 consist of:

	Baht	
	Consolidated / Separate financial statements	
	2014	2013
Hire-purchase receivables	477,664,339.68	327,472,910.00
<u>Less</u> Deferred hire-purchase interest	(63,234,238.92)	(35,598,054.47)
Deferred output tax	(27,228,063.12)	(18,288,534.85)
	387,202,037.64	273,586,320.68
<u>Less</u> Allowance for doubtful accounts	(20,930,191.67)	(9,837,619.35)
Allowance for goods returned	(782,342.09)	(545,548.99)
Net	365,489,503.88	263,203,152.34
<u>Less</u> Hire-purchase receivables due over 1 year	(1,229,336.08)	0.00
Hire-purchase receivables - net	364,260,167.80	263,203,152.34

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Receivables separated by aging and allowance for doubtful accounts

As at December 31, 2014	Number of receivables	Receivables less unrealized interest income-net Baht	% of allowance for doubtful accounts	Allowance for doubtful accounts Baht
In term	83,295	329,786,210.23	1%	3,297,862.10
Overdue 1 instalment	6,642	30,637,197.82	6%	1,838,231.87
Overdue 2 instalments	2,340	11,151,166.88	30%	3,345,350.06
Overdue 3 instalments	1,339	6,357,430.14	50%	3,178,715.07
Overdue exceeding 3 instalments	2,066	9,270,032.57	100%	9,270,032.57
Total	95,682	387,202,037.64		20,930,191.67

As at December 31, 2013	Number of receivables	Receivables less unrealized interest income-net Baht	% of allowance for doubtful accounts	Allowance for doubtful accounts Baht
In term	69,440	234,509,141.38	0%	0.00
Overdue 1 instalment	5,308	20,163,054.68	5%	1,008,152.73
Overdue 2 instalments	2,022	8,012,335.58	15%	1,201,850.34
Overdue 3 instalments	1,127	4,677,389.65	30%	1,403,216.89
Overdue exceeding 3 instalments	1,502	6,224,399.39	100%	6,224,399.39
Total	79,399	273,586,320.68		9,837,619.35



9. TRADE ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Related companies	0.00	0.00	6,337,173.04	3,555,515.12
Other companies	11,380,370.70	4,902,533.00	2,152,278.70	850,575.00
Less Allowance for doubtful accounts	(242,000.00)	(127,900.00)	(242,000.00)	(127,900.00)
Allowance for goods returned	(98,540.54)	(73,618.30)	(98,540.54)	(73,618.30)
Net	11,039,830.16	4,701,014.70	8,148,911.20	4,204,571.82
Cheque received in advance	408,312.00	0.00	408,312.00	0.00
Total	11,448,142.16	4,701,014.70	8,557,223.20	4,204,571.82
Other receivables				
Withholding tax deducted at source	0.00	129,536.67	0.00	0.00
Suspense input tax	5,202,686.34	3,888,130.94	5,172,286.02	3,846,420.54
Prepaid expenses	3,829,053.83	2,181,013.53	3,767,646.86	2,143,543.64
Deposit for goods	7,829,707.90	202,437.48	7,829,707.90	202,437.48
Advance payment	319,842.04	603,174.00	289,178.13	429,674.00
Other receivables				
- Related companies	6,508.00	12,224.72	6,508.00	12,224.72
- Other companies	1,638,713.00	1,166,699.15	1,638,689.00	865,317.09
Other	314,836.03	0.00	312,818.38	0.00
Total	19,141,347.14	8,183,216.49	19,016,834.29	7,499,617.47
Total trade accounts receivable and other receivables	30,589,489.30	12,884,231.19	27,574,057.49	11,704,189.29

10. RECEIVABLE TRANSFERRED

	Baht	
	Consolidated/Separate financial statements	
	2014	2013
Receivable transferred	35,363,841.49	38,738,240.65
Less Current portion of long-term receivable transferred	(15,045,571.90)	(15,571,609.66)
Net	20,318,269.59	23,166,630.99
The minimum amount for assignment is as follows Less than 1 year	15,045,571.90	15,571,609.66
Over 1 year but not exceed 5 years	20,318,269.59	23,166,630.99
Total	35,363,841.49	38,738,240.65

11. INVENTORIES

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Finished goods	16,828,864.11	24,095,195.06	16,731,484.39	21,273,960.36
Semi-finished goods	9,985,516.42	7,045,674.15	9,985,516.42	7,045,674.15
Raw materials	31,449,087.67	23,022,130.20	31,449,087.67	23,022,130.20
Goods in transit	2,614,117.93	0.00	2,614,117.93	0.00
Allowance for inventory devaluation	(1,028,675.01)	(1,253,556.95)	(1,028,675.01)	(1,253,556.95)
Inventories-Net	59,848,911.12	52,909,442.46	59,751,531.40	50,088,207.76



12. RESTRICTED BANK DEPOSITS

As at December 31, 2014 and 2013, restricted bank deposit are fixed deposit and savings account amount of Baht 96.19 million and Baht 0.16 million, respectively used as collateral for long-term loans from financial institution as stated in note. 19 and bank's issuance of letter of guarantee as stated in note 29.

13. INVESTMENTS IN SUBSIDIARY

		Separate financial statements				
		Paid-up share capital	Percentage of investment (%)		Investment-cost (Baht)	
			2014	2013	2014	2013
Company name						
Safe Trade International						
Co., Ltd.		4,000,000.00	99.98	99.98	3,999,200.00	3,999,200.00
Total					3,999,200.00	3,999,200.00

14. INVESTMENT PROPERTIES

Carrying value of investment properties is presented as follows:

Baht							
Consolidated financial statements/Separate financial statements							
	Balance December 31, 2012	Increase	Decrease	Balance December 31, 2013	Increase	Decrease	Balance December 31, 2014
Cost :-							
Land	52,290,000	0.00	0.00	52,290,000	0.00	0.00	52,290,000
Assets for lease							
Land	5,716,000.00	0.00	0.00	5,716,000.00	0.00	0.00	5,716,000.00
Buildings	15,630,040.00	0.00	0.00	15,630,040.00	0.00	0.00	15,630,040.00
Total	73,636,040.00	0.00	0.00	73,636,040.00	0.00	0.00	73,636,040.00
Accumulated depreciation :-							
Buildings	14,050,510.64	396,346.01	0.00	14,446,856.65	253,500.11	0.00	14,700,356.76
Total	14,050,510.64	396,346.01	0.00	14,446,856.65	253,500.11	0.00	14,700,356.76
Net book value	59,585,529.36			59,189,183.35			58,935,683.24

Depreciation for the year ended December 31, 2014 and 2013 was Baht 253,500.11 and Baht 396,346.01, respectively.

Land with partial of its construction were mortgaged as collateral against bank overdrafts and short-term loans as stated in note 17 and long term loan as stated in note 19. Fair value of investment properties as at December 31, 2014 was Baht 110,320,000.00.

Fair value of investment properties used comparative price with the selling price of the year 2012 by using market price appraised by the independent appraiser.

15. PROPERTY, PLANT AND EQUIPMENT

Baht									
Consolidated financial statements									
	Balance December 31, 2012	Increase	Decrease	Transfer in (out)	Balance December 31, 2013	Increase	Decrease	Transfer in (out)	Balance December 31, 2014
Cost:-									
Land	137,330,512.00	58,972,960.00	0.00	0.00	196,303,472.00	25,133,990.00	0.00	0.00	221,437,462.00
Land improvement	1,991,140.00	3,225,000.00	0.00	2,110,350.00	7,326,490.00	2,691,160.00	0.00	(2,435,160.00)	7,582,490.00
Office building	102,881,149.98	0.00	0.00	0.00	102,881,149.98	0.00	0.00	0.00	102,881,149.98
Buildings improvement	6,323,314.11	3,128,190.07	0.00	0.00	9,451,504.18	4,606,678.77	0.00	7,274,120.60	21,332,303.55
Building for rent	13,066,395.57	0.00	0.00	0.00	13,066,395.57	0.00	0.00	0.00	13,066,395.57
Building for rent improvement	2,361,968.90	0.00	0.00	0.00	2,361,968.90	0.00	0.00	0.00	2,361,968.90
Plant	15,333,260.36	0.00	0.00	0.00	15,333,260.36	0.00	0.00	0.00	15,333,260.36
Plant improvement	4,210,733.02	360,000.00	0.00	0.00	4,570,733.02	219,669.40	0.00	0.00	4,790,402.42
Office equipment - building for rent	526,040.59	229,813.91	0.00	0.00	755,854.50	19,858.88	7,467.29	0.00	768,246.09
Tools and equipment	18,953,119.69	2,129,810.25	0.00	(19,947,021.61)	1,135,908.33	1,636,941.43	0.00	613,360.93	3,386,210.69
Tools and equipment - Plant	0.00	854,142.50	0.00	19,947,021.61	20,801,164.11	1,049,962.81	44,000.00	1,970,850.00	23,777,976.92
Office equipment	10,607,973.96	2,663,690.99	379,328.03	(343,366.96)	12,548,969.96	3,172,019.14	2,400.00	237,015.67	15,955,604.77
Office equipment - Plant	0.00	3,145.79	0.00	343,366.96	346,512.75	257,420.97	0.00	16,473.40	620,407.12
Furniture and installation	62,249.72	127,730.18	0.00	0.00	189,979.90	101,397.38	0.00	0.00	291,377.28
Computers and accessories	3,917,321.82	6,075,204.01	189,591.96	(72,715.98)	9,730,217.89	2,976,160.39	3,300.00	331,542.06	13,034,620.34
Computers and accessories - Plant	0.00	0.00	0.00	72,715.98	72,715.98	74,778.97	0.00	0.00	147,494.95
Vehicles	14,746,141.62	4,409,569.20	2,786,820.95	0.00	16,368,889.87	14,513,467.37	925,775.63	0.00	29,956,581.61
Total	332,311,321.34	82,179,256.90	3,355,740.94	2,110,350.00	413,245,187.30	56,453,505.51	982,942.92	8,008,202.66	476,723,952.55

Baht									
Consolidated financial statements									
	Balance December 31, 2012	Increase	Decrease	Transfer in (out)	Balance December 31, 2013	Increase	Decrease	Transfer in (out)	Balance December 31, 2014
Accumulated depreciation :-									
Land improvement	161,939.18	27,752.55	0.00	(161,939.18)	27,752.55	211,034.99	0.00	0.00	238,787.54
Office building	21,669,774.34	5,144,057.48	0.00	0.00	26,813,831.82	5,144,057.48	0.00	0.00	31,957,889.30
Buildings improvement	1,415,182.82	1,627,860.71	0.00	0.00	3,043,043.53	3,361,452.12	0.00	0.00	6,404,495.65
Building for rent	10,333,459.03	567,068.75	0.00	0.00	10,900,527.78	538,319.77	0.00	0.00	11,438,847.55
Building for rent improvement	1,747,349.30	231,015.56	0.00	0.00	1,978,364.86	188,881.21	0.00	0.00	2,167,246.07
Plant	3,778,715.28	738,852.12	0.00	0.00	4,517,567.40	738,718.22	0.00	0.00	5,256,285.62
Plant improvement	3,160,732.91	346,478.45	0.00	0.00	3,507,211.36	383,672.14	0.00	0.00	3,890,883.50
Office equipment - building for rent	248,833.54	140,621.24	0.00	0.00	389,454.78	114,094.26	5,290.53	0.00	498,258.51
Tools and equipment	12,176,306.59	77,310.09	0.00	(12,090,627.60)	162,989.08	410,050.10	0.00	0.00	573,039.18
Tools and equipment - Plant	0.00	2,284,150.89	0.00	12,090,627.60	14,374,778.49	2,260,414.84	2,409.85	0.00	16,632,783.48
Office equipment	7,159,226.48	1,597,954.60	340,928.43	(218,327.69)	8,197,924.96	1,990,691.60	418.19	(15,387.29)	10,172,811.08
Office equipment - Plant	0.00	46,009.37	0.00	218,327.69	264,337.06	57,334.95	0.00	15,387.29	337,059.30
Furniture and installation	14,387.33	26,918.71	0.00	0.00	41,306.04	48,603.94	0.00	0.00	89,909.98
Computers and accessories	2,594,813.97	1,310,990.14	179,750.98	(46,197.07)	3,679,856.06	2,468,820.87	934.83	0.00	6,147,742.10
Computers and accessories - Plant	0.00	5,467.58	0.00	46,197.07	51,664.65	14,776.34	0.00	0.00	66,440.99
Vehicles	8,774,810.06	1,891,799.50	2,266,317.39	0.00	8,400,292.17	2,611,622.31	804,895.96	0.00	10,207,018.52
Net	73,235,530.83	16,064,307.74	2,786,996.80	(161,939.18)	86,350,902.59	20,542,545.14	813,949.36	0.00	106,079,498.37
Asset under construction /hire of work in process	1,891,850.00	6,348,285.42	0.00	(2,110,350.00)	6,129,785.42	18,863,132.43	0.00	(8,008,202.66)	16,984,715.19
Total	260,967,640.51				333,024,070.13				387,629,169.37
Provision for impairment of assets	(35,544.60)	0.00	0.00	0.00	(35,544.60)	(288,423.29)	35,544.60	0.00	(288,423.29)
Net book value	260,932,095.91				332,988,525.53				387,340,746.08

Depreciation for the years ended December 31, 2014 and 2013 was Baht 20,542,545.14 and Baht 16,064,307.74, respectively.

As at December 31, 2014 the Company has fixed assets at cost of Baht 39.30 million and net value of Baht 2,414 which were fully depreciated but are still in use . (as at December 31, 2013, cost of Baht 25.37 million and net book value of Baht 986)

Land with its construction were mortgaged as collateral against bank overdrafts and short-term loans from bank as stated in notes 17 and long-term loans from bank as stated in notes 19.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Baht									
Separate financial statements									
	Balance December 31, 2012	Increase	Decrease	Transfer in (out)	Balance December 31, 2013	Increase	Decrease	Transfer in (out)	Balance December 31, 2014
Cost:-									
Land	132,530,512.00	58,972,960.00	0.00	0.00	191,503,472.00	25,133,990.00	0.00	0.00	216,637,462.00
Land improvement	1,991,140.00	3,225,000.00	0.00	2,110,350.00	7,326,490.00	2,691,160.00	0.00	(2,435,160.00)	7,582,490.00
Office building	102,881,149.98	0.00	0.00	0.00	102,881,149.98	0.00	0.00	0.00	102,881,149.98
Buildings improvement	6,323,314.11	3,128,190.07	0.00	0.00	9,451,504.18	4,606,678.77	0.00	7,274,120.60	21,332,303.55
Building for rent	13,066,395.57	0.00	0.00	0.00	13,066,395.57	0.00	0.00	0.00	13,066,395.57
Building for rent improvement	2,361,968.90	0.00	0.00	0.00	2,361,968.90	0.00	0.00	0.00	2,361,968.90
Plant	6,064,143.02	0.00	0.00	0.00	6,064,143.02	0.00	0.00	0.00	6,064,143.02
Plant improvement	4,210,733.02	360,000.00	0.00	0.00	4,570,733.02	219,669.40	0.00	0.00	4,790,402.42
Office equipment - building for rent	526,040.59	229,813.91	0.00	0.00	755,854.50	19,858.88	7,467.29	0.00	768,246.09
Tools and equipment	18,953,119.69	2,129,810.25	0.00	(19,947,021.61)	1,135,908.33	1,636,941.43	0.00	613,360.93	3,386,210.69
Tools and equipment - Plant	0.00	854,142.50	0.00	19,947,021.61	20,801,164.11	1,049,962.81	44,000.00	1,970,850.00	23,777,976.92
Office equipment	8,953,514.87	2,381,746.79	38,050.00	(343,366.96)	10,953,844.70	2,933,542.31	2,400.00	237,015.67	14,122,002.68
Office equipment - Plant	0.00	3,145.79	0.00	343,366.96	346,512.75	257,420.97	0.00	16,473.40	620,407.12
Furniture and installation	62,249.72	127,730.18	0.00	0.00	189,979.90	101,397.38	0.00	0.00	291,377.28
Computers and accessories	3,798,303.03	6,034,557.75	161,021.96	(72,715.98)	9,599,122.84	2,934,661.32	3,300.00	331,542.06	12,862,026.22
Computers and accessories - Plant	0.00	0.00	0.00	72,715.98	72,715.98	74,778.97	0.00	0.00	147,494.95
Vehicles	8,791,520.90	4,409,569.20	2,786,820.95	0.00	10,414,269.15	14,633,467.37	442,975.63	0.00	24,604,760.89
Total	310,514,105.40	81,856,666.44	2,985,892.91	2,110,350.00	391,495,228.93	56,293,529.61	500,142.92	8,008,202.66	455,296,818.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Baht									
Separate financial statements									
	Balance December 31, 2012	Increase	Decrease	Transfer in (out)	Balance December 31, 2013	Increase	Decrease	Transfer in (out)	Balance December 31, 2014
accumulated depreciation :-									
Land improvement	161,939.18	27,752.55	0.00	(161,939.18)	27,752.55	211,034.99	0.00	0.00	238,787.54
Office building	21,669,774.34	5,144,057.48	0.00	0.00	26,813,831.82	5,144,057.48	0.00	0.00	31,957,889.30
Buildings improvement	1,415,182.82	1,627,860.71	0.00	0.00	3,043,043.53	3,361,452.12	0.00	0.00	6,404,495.65
Building for rent	10,333,459.03	567,068.75	0.00	0.00	10,900,527.78	538,319.77	0.00	0.00	11,438,847.55
Building for rent improvement	1,747,349.30	231,015.56	0.00	0.00	1,978,364.86	188,881.21	0.00	0.00	2,167,246.07
Plant	563,628.73	303,207.16	0.00	0.00	866,835.89	303,073.26	0.00	0.00	1,169,909.15
Plant improvement	3,160,732.91	346,478.45	0.00	0.00	3,507,211.36	383,672.14	0.00	0.00	3,890,883.50
Office equipment - building for rent	248,833.54	140,621.24	0.00	0.00	389,454.78	114,094.26	5,290.53	0.00	498,258.51
Tools and equipment	12,176,306.59	77,310.09	0.00	(12,090,627.60)	162,989.08	410,050.10	0.00	0.00	573,039.18
Tools and equipment - Plant	0.00	2,284,150.89	0.00	12,090,627.60	14,374,778.49	2,260,414.84	2,409.85	0.00	16,632,783.48
Office equipment	5,578,998.80	1,535,382.58	1,126.69	(218,327.69)	6,894,927.00	1,881,107.36	418.19	(15,387.29)	8,760,228.88
Office equipment - Plant	0.00	46,009.37	0.00	218,327.69	264,337.06	57,334.95	0.00	15,387.29	337,059.30
Furniture and installation	14,387.33	26,918.71	0.00	0.00	41,306.04	48,603.94	0.00	0.00	89,909.98
Computers and accessories	2,505,989.93	1,298,899.17	151,183.98	(46,197.07)	3,607,508.05	2,448,105.05	934.83	0.00	6,054,678.27
Computers and accessories - Plant	0.00	5,467.58	0.00	46,197.07	51,664.65	14,776.34	0.00	0.00	66,440.99
Vehicles	5,122,446.43	1,086,947.19	2,266,317.39	0.00	3,943,076.23	1,813,871.37	322,097.96	0.00	5,434,849.64
Total	64,699,028.93	14,749,147.48	2,418,628.06	(161,939.18)	76,867,609.17	19,178,849.18	331,151.36	0.00	95,715,306.99
Asset under construction /hire of work in process	1,891,850.00	6,348,285.42	0.00	(2,110,350.00)	6,129,785.42	18,863,132.43	0.00	(8,008,202.66)	16,984,715.19
Total	247,706,926.47				320,757,405.18				376,566,226.48
Provision for impairment of assets	(35,544.60)	0.00	0.00	0.00	(35,544.60)	(288,423.29)	35,544.60	0.00	(288,423.29)
Net book value	247,671,381.87				320,721,860.58				376,277,803.19

Depreciation for the years ended December 31, 2014 and 2013 was Baht 19,178,849.18 and Baht 14,749,147.48, respectively. As at December 31, 2014 the Company has fixed assets at cost of Baht 37.01 million and net value of Baht 2,304 which were fully depreciated but are still in use. (as at December 31, 2013 the Company has fixed assets at cost of Baht 22.17 million and net book value of Baht 892)

Land with its construction were mortgaged as collateral against bank overdrafts and short-term loans from bank as stated in notes 17 and long-term loans from bank as stated in notes 19.



16. INTANGIBLE ASSETS

Baht							
Consolidated financial statements/ Separate financial statements							
	December 31, 2012	Increase	Decrease	December 31, 2013	Increase	Decrease	December 31, 2014
Cost:-							
Leasehold rights	40,000.00	0.00	40,000.00	0.00	0.00	0.00	0.00
Computer software	7,301,492.96	208,000.00	0.00	7,509,492.96	2,798,074.77	0.00	10,307,567.73
Assets under development	1,347,500.00	12,500.00	0.00	1,360,000.00	1,875,171.25	0.00	3,235,171.25
Total	8,688,992.96	220,500.00	40,000.00	8,869,492.96	4,673,246.02	0.00	13,542,738.98
Accumulated amortization :							
Leasehold rights	40,000.00	0.00	40,000.00	0.00	0.00	0.00	0.00
Computer software	1,070,635.36	736,824.37	0.00	1,807,459.73	833,741.67	0.00	2,641,201.40
Total	1,110,635.36	736,824.37	40,000.00	1,807,459.73	833,741.67	0.00	2,641,201.40
Intangible assets	7,578,357.60			7,062,033.23			10,901,537.58

Amortization for the year ended December 31, 2014 and 2013 was Baht 833,741.67 and Baht 736,824.37, respectively.

17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Interest rate (%) per annum		Baht			
			Baht Consolidated financial statements		Baht Separate financial statements	
	2014	2013	2014	2013	2014	2013
Bank overdrafts	7.425 - 7.50	6.39	21,257,875.47	4,175,404.27	21,257,875.47	2,536,831.51
Short-term loans	0.00	5.75-7.425	0.00	77,000,000.00	0.00	77,000,000.00
Total			21,257,875.47	81,175,404.27	21,257,875.47	79,536,831.51
Less Prepaid interest expenses			0.00	(559,184.69)	0.00	(559,184.69)
Net			21,257,875.47	80,616,219.58	21,257,875.47	78,977,646.82

As at December 31, 2014 and 2013, the Company and its subsidiary have bank overdrafts line amount of Baht 60 million (Consolidated financial statements) and the Company has bank overdrafts line amount of Baht 50 million (Separate financial statements). As at December 31, 2013, the Company has short-term loans from financial institutions in form of promissory note amount of Baht 150 million.

Bank overdrafts and short-term loans from financial institution guaranteed by land title deeds and building as stated in note 14, 15 and personal guaranteed by the Director.

18. TRADE ACCOUNTS PAYABLE AND OTHER PAYABLES

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts payable				
Trade accounts payable	21,127,113.77	14,371,157.24	21,106,048.47	14,353,602.81
Notes payable	387,051.35	194,160.68	387,051.35	194,160.68
Total trade accounts payable	21,514,165.12	14,565,317.92	21,493,099.82	14,547,763.49
Other payables				
Withholding tax payable	4,141,095.57	3,660,657.68	4,117,651.03	3,581,821.93
Selling reserve	23,127,953.00	27,297,201.00	23,127,953.00	27,297,201.00
Other accrued expenses	19,079,348.69	15,028,045.74	18,537,675.45	13,942,516.30
Accrued interest expenses	39,751.07	222,552.29	39,751.07	222,552.29
Revenue Department payable	4,535,623.34	4,460,878.66	4,370,201.69	4,306,848.33
Other payables	7,180,019.07	5,380,190.27	7,161,129.61	5,357,664.27
Total other payables	58,103,790.74	56,049,525.64	57,354,361.85	54,708,604.12
Total trade accounts payable and other payables	79,617,955.86	70,614,843.56	78,847,461.67	69,256,367.61



19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Baht	
	Consolidated/Separate financial statements	
	2014	2013
Long-term loans	80,563,246.21	88,065,375.78
<u>Less</u> Current portion of long-term debt	(22,614,540.42)	(25,861,491.77)
Long-term loans - net	57,948,705.79	62,203,884.01

As at December 31, 2014 and 2013, the Company has long-term loans from two local financial institutions amount of Baht 134,300,000.00 and Baht 174,300,000.00, respectively, with interest rate of MLR per annum. The last repayment will be made within May 2021 and interest is payable every month.

In 2014, The Company was approved from both of two banks changing previous interest rate to savings deposit + 1% per annum.

Loan agreement indicated the certain regulation and condition such as maintenance debt to equity ratio dividend payment restriction etc. Long-term loans are guaranteed by bank deposit as stated in note 12, partial of land and building as stated in note 14, 15 and personal guarantee by the Director.

Movement of the long-term from financial institution can be summarized as follows:

	Baht	
	Consolidated/Separate financial statements	
Transactions during the periods ended December 31, 2014		
Balance as at December 31, 2013		88,065,375.78
<u>Add</u> Loans receipt		20,300,000.00
<u>Less</u> Loans repayment		(27,802,129.57)
Total		80,563,246.21
<u>Less</u> Current portion of long-term debt		(22,614,540.42)
Balance as at December 31, 2014		57,948,705.79

20. LIABILITIES UNDER FINANCIAL LEASES

Liabilities under financial lease excluding interest payable in the future are as follows :

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Liabilities under financial lease	64,170,762.82	56,712,267.31	62,452,504.72	54,528,309.89
Less Current portion of liabilities under financial lease	(24,126,854.20)	(19,612,577.94)	(22,657,455.45)	(19,050,725.19)
Net	40,043,908.62	37,099,689.37	39,795,049.27	35,477,584.70

The minimum amounts to be paid under financial lease are as follows :

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Within 1 year	24,947,445.58	20,024,726.40	23,457,123.82	19,410,726.72
Over 1 year less than 5 years	40,969,889.56	37,412,804.58	40,707,085.03	35,767,587.79
Total	65,917,335.14	57,437,530.98	64,164,208.85	55,178,314.51
Less Future interest to be paid	(1,746,572.32)	(725,263.67)	(1,711,704.13)	(650,004.62)
Present value of liabilities under financial lease.	64,170,762.82	56,712,267.31	62,452,504.72	54,528,309.89

Liabilities under financial lease is personal guaranteed by director.



21. EMPLOYEE BENEFIT OBLIGATIONS

Changing in present value of employee benefit obligations plan for the years ended December 31, 2014 and 2013

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Defined benefit obligations				
Beginning of the year	15,944,659.00	13,873,620.00	12,816,786.00	11,060,813.00
Current costs and interest	1,240,761.00	2,345,939.00	953,783.00	2,030,873.00
Employee benefits paid during the year	(438,900.00)	(274,900.00)	0.00	(274,900.00)
Defined benefit obligations Ended of the year	16,746,520.00	15,944,659.00	13,770,569.00	12,816,786.00

Expenses recognized in statements of comprehensive income for the years ended December 31, 2014 and 2013

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service costs	926,149.00	1,729,019.00	755,285.00	1,536,101.00
Interest cost	314,612.00	616,920.00	198,498.00	494,772.00
	1,240,761.00	2,345,939.00	953,783.00	2,030,873.00

Expenses recognized in statements of comprehensive income

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cost	37,306.00	35,976.00	37,306.00	35,976.00
Selling expenses	733,927.00	767,792.00	654,476.00	646,833.00
Administrative expenses	469,528.00	1,542,171.00	262,001.00	1,348,064.00
	1,240,761.00	2,345,939.00	953,783.00	2,030,873.00

Principal actuarial assumption at the reporting date :

For the years ended December 31, 2014 and 2013

Discount rate (% per annum)	4.33-4.38
Salaries increase (% per annum)	5.00-6.01
Employee turnover (% per annum)	0-79.00
Mortality rate (% of Thai TMO 2008)	100.00
Disability rate (% of Thai TMO 2008)	10.00
Retirement age (year)	60

22. SHARE CAPITAL AND WARRANTS TO PURCHASE ORDINARY SHARES/DIVIDEND

22.1 Issued and paid-up share capital

According to the extraordinary shareholders' meeting No. 1/2013 held on February 27, 2013, the Company passed resolutions as follows:

22.1.1 Approve to convert its status to be public company limited and registered with the Ministry of Commerce on March 12, 2013.

22.1.2 Approve to change par value of share capital of Baht 100.00 (one hundred Baht) to Baht 1 (one Baht) and registered with the Ministry of Commerce on March 12, 2013.

22.1.3 Approve to increase share capital amount of Baht 111 million by issuing new 111 ordinary shares of Baht 1.00 each and registered with the Ministry of Commerce on March 12, 2013 and as at March 31, 2013, the share capital amount of Baht 344 million. The Company has received the payment amount of Baht 25 million on March 22, 2013 and registered with the Ministry of Commerce on April 10, 2013. On June 16, 2014, the company has received the share payment amount of Baht 86 million.

22.1.4 Premium on common shares

According to the board of director's meeting held on June 6, 2014, the Board of directors jointly to consider the offering price determination in the amount of 86 million shares at Baht 3.50 per share which had the carrying value of Baht 1 each, amounting to Baht 86 million. And on June 13, 2014, the Company has offered share securities and received the payment amount of Baht 301 million, as a result, it incurred premium on ordinary share equal to Baht 206.77 million and fee for securities offering amount of Baht 8.23 million.

22.2 Dividend paid

22.2.1 According to shareholders' general meeting of the year 2014 held on April 25, 2014, the Company passed to pay dividend from net profit of 2013 to the shareholders for 258 million shares at Baht 0.10 each, amounting to Baht 25.80 million on May 23, 2014.

22.2.2 According to the board of director' meeting No. 5/2014 held on August 13, 2014, the Company passed to pay interim dividend from retained earnings of 2013 to the shareholders for 344 million shares at Baht 0.05 each, amounting to Baht 17.20 million on September 12, 2014.



23. LEGAL RESERVE

By virtue of the Civil and Commercial Code, the Company is required to appropriate its reserve not less than 5% of the amount net profit at each declaration of dividend payment as a legal reserve until the reserve reach an amount 10% of authorized share capital. Such legal reserve is not available for dividend distribution.

24. REVENUES FROM SALE

Revenues from sales are classified by type of sale for the years ended December 31, 2014 and 2013

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Hire purchase income	792,337,740.59	687,120,734.00	792,337,740.59	687,120,734.00
Cash and credit selling income	204,493,600.85	215,131,503.49	173,130,779.53	178,529,702.55
	996,831,341.44	902,252,237.49	965,468,520.12	865,650,436.55

25. COST OF SALES

Cost of sales are classified by type of sale for the years ended December 31, 2014 and 2013

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cost of goods-hire purchase	134,852,446.96	99,869,135.49	134,852,446.96	99,869,135.49
Cost of goods-cash and credit selling	66,479,845.95	74,794,742.85	64,288,740.50	74,573,797.32
	201,332,292.91	174,663,878.34	199,141,187.46	174,442,932.81

26. OTHER INCOME

The significant other income for the years ended December 31, 2014 and 2013

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Revenue from sales of premium goods	2,833,538.66	3,133,734.46	2,833,538.66	3,130,253.15
Revenue from sales of plastic scrap	14,756,276.66	4,516,371.66	14,756,276.66	4,516,391.66
Rental income	958,664.04	1,955,477.68	1,269,224.04	2,635,477.68
Bad debt recovery	3,044,180.00	2,173,426.00	3,044,180.00	2,173,426.00
Interest income	874,889.97	142,641.50	874,884.17	142,636.88
Gain from disposal of assets	214,073.90	1,223,139.03	94,075.90	1,224,618.32
Others	12,620,766.62	4,325,748.55	12,723,626.11	4,434,953.85
	35,302,389.85	17,470,538.88	35,595,805.54	18,257,757.54

27. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the years ended December 31, 2014 and 2013

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Changing in finished goods	4,258,003.95	(10,076,688.58)	1,328,200.29	(10,568,989.35)
Purchasing raw material	179,107,063.09	159,147,455.95	179,107,063.09	159,147,455.95
Management remuneration	34,033,872.00	29,074,990.00	30,014,326.00	25,096,760.00
Salary and employee benefits	210,405,851.86	186,318,459.61	203,561,649.29	180,563,061.45
Commision	381,046,711.94	373,193,618.00	376,849,191.94	364,606,320.00
Depreciation and amortization	21,629,786.92	17,035,538.94	20,266,090.96	15,720,378.68
Sales promotion expenses	13,285,303.71	8,307,902.50	11,467,042.63	5,215,592.70
Warranty expenses	1,611,834.42	4,802,723.06	1,611,834.42	4,802,723.06
Direct labour	16,307,363.00	11,892,426.00	16,307,363.00	11,892,426.00
Vehicle expenses	35,916,153.12	33,150,132.05	31,372,364.42	27,257,619.92



28. INCOME TAX EXPENSES / DEFERRED TAX

28.1 Income tax expenses for the years ended December 31, 2014 and 2013 are summarized as follows:

	Statements of comprehensive income			
	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current tax :				
Income tax	24,410,551.12	18,748,703.08	23,498,572.10	17,379,427.21
Deferred tax :				
Deferred tax resulted from temporary differences and reversal of temporary differences	(2,439,117.76)	2,997,626.06	(2,469,502.16)	2,976,255.05
Income tax expenses presented in the statement of comprehensive income	21,971,433.36	21,746,329.14	21,029,069.94	20,355,682.26

28.2 Reconciliation between income tax expenses and multiplication of taxable profit and tax rate used for the years ended December 31, 2014 and 2013 can be presented as follows:

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before income tax	115,695,905.50	88,797,059.92	111,688,750.88	82,696,593.21
Income tax rate	20	20	20	20
Accounting profit before income tax multiply with tax rate	23,139,181.10	17,759,411.98	22,337,750.18	16,539,318.64
Taxable effects for :				
Non taxable transactions	536,972.36	2,785,438.12	377,429.46	2,690,521.15
Additional taxable expenses.	(1,686,109.70)	0.00	(1,686,109.70)	0.00
Others	(18,610.40)	(8,747.64)	0.00	0.00
The effect on deferred tax from changing income tax rate	0.00	1,210,226.68	0.00	1,125,842.47
Income tax expenses presented in the statement of comprehensive income	21,971,433.36	21,746,329.14	21,029,069.94	20,355,682.26
Effective tax rate	19	25	19	25

28.3 Details of deferred assets and liabilities consist of the following transaction

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred assets				
Allowance doubtful accounts	4,372,709.91	2,087,503.87	4,372,709.91	2,087,503.87
Allowance for goods returned	176,176.53	123,833.46	176,176.53	123,833.46
Allowance for defective goods	205,735.00	250,711.39	205,735.00	250,711.39
Provision for impairment of assets	57,684.66	7,108.92	57,684.66	7,108.92
Provision for goods warranty	566,623.26	622,689.03	566,623.26	622,689.03
Reserve for long-term employee benefits	3,349,304.00	3,188,931.80	2,754,113.80	2,563,357.20
Vehicles under financial lease	276,331.08	0.00	276,331.08	0.00
Total	9,004,564.44	6,280,778.47	8,409,374.24	5,655,203.87
Deferred liabilities				
Liabilities under financial lease	284,668.21	0.00	284,668.21	0.00
Total	284,668.21	0.00	284,668.21	0.00
Net	8,719,896.23	6,280,778.47	8,124,706.03	5,655,203.87

29. COMMITMENT AND CONTINGENT LIABILITIES

29.1 As at December 31, 2014 and 2013, the Company had commitment from bank guarantee for provincial electricity authority and entering into trading agreement with 3 companies amount of Baht 10.80 million and Baht 0.30 million, respectively, by using bank deposit as collateral as stated in note 12.

29.2 As at December 31, 2014, the Company had contingent liabilities from uncashed letter of credit issued by bank amount of USD 110,000.00.

30. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

30.1 The Company and Safe Trade International Co., Ltd. have operated in trading business and had the financial information by segment for the years ended December 31, 2014 and 2013 are as follows:



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Baht						
Consolidated financial statements						
	Hire purchase agreement		Cash and credit selling		Total	
	2014	2013	2014	2013	2014	2013
Revenues from sales of goods	792,337,740.59	687,120,734.00	204,493,600.85	215,131,503.49	996,831,341.44	902,252,237.49
Realized hire purchase interest	128,423,250.12	110,061,418.63	0.00	0.00	128,423,250.12	110,061,418.63
Cost of sales	(134,852,446.96)	(99,869,135.49)	(66,479,845.95)	(74,794,742.85)	(201,332,292.91)	(174,663,878.34)
Financial costs	(6,510,236.58)	(13,505,301.57)	0.00	0.00	(6,510,236.58)	(13,505,301.57)
Gross profit	779,398,307.17	683,807,715.57	138,013,754.90	140,336,760.64	917,412,062.07	824,144,476.21
Other income					35,302,389.85	17,470,538.88
Profit before expenses					952,714,451.92	841,615,015.09
Selling expenses					(564,327,679.71)	(524,926,731.40)
Administrative expenses					(191,159,541.58)	(168,277,936.12)
Bad debt and doubtful accounts					(81,531,325.13)	(59,613,287.65)
Total expenses					(837,018,546.42)	(752,817,955.17)
Profit before income tax					115,695,905.50	88,797,059.92
Income tax expenses					(21,971,433.36)	(21,746,329.14)
Profit for the year					93,724,472.14	67,050,730.78
Other comprehensive income					0.00	0.00
Total comprehensive income for the year					93,724,472.14	67,050,730.78
Net assets						
Investment properties					58,935,683.24	59,189,183.35
Property, plant and equipment					387,340,746.08	332,988,525.53
Other assets					636,777,339.24	390,227,701.93
Total assets					1,083,053,768.56	782,405,410.81

30.2 For the separate financial statements have not been presented the financial information by segment since the Company' s operations involved in business in one geographical segment, therefore, the financial information by segment was not presented in these financial statements.

30.3 Information related to major customers

For the years ended December 31, 2014 and 2013, the consolidated financial statements showed revenue from 1 major client amount of Baht 67.81 million and Baht 88.27 million, respectively from credit and cash selling.

31. DISCLOSURES OF FINANCIAL INSTRUMENTS

31.1 Accounting policy

The significant accounting policies and methods adopted the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.

31.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations. The Company has no material credit risk and has policy to hedge credit risk by providing credit to each receivable and separating duties of sale, receipt and services department. The credit value of each contract is minimum.

31.3 Interest rate risk

Interest rate risk may derive from changes in market interest rate. The Company has no interest rate risk because of the Company has long-term loans with the fixed and floating interest rate.

31.4 Exchange rate risk

The Company have no foreign currency exchange rate risk since there are no receivables and payables transaction denominated in foreign currencies.

Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, hire purchase receivable, trade accounts receivable and other receivables. Financial liabilities shown in statements of financial position consist of bank overdrafts, short-term and long-term loans from financial institution, trade accounts payable and other payables, and liabilities under financial lease.

The book value of financial assets and liabilities are close to fair value. In addition, the management believes that there is no material risk financial instruments.

32. CAPITAL MANAGEMENT

The objective of capital management of the Company and its subsidiary is to preserve the ability of operation as a going concern and capital structure to be properly appropriated.

As at December 31, 2014 and 2013 the company has debt to equity ratio as summarized below:

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Debt to equity ratio	0.34	0.68	0.33	0.67

33. EVENTS AFTER THE REPORTING PERIOD

According to the Board of Director meeting No.2/2015 held on February 27, 2015, the Company has resolution to propose for approval in the ordinary shareholder meeting as follows.



33.1 Dividend payment

33.1.1 To pay interim dividend Baht 0.05 per share from retained earnings of the year 2013 according to the Board of Director meeting No.5/ 2014 held on August 13, 2014. The interim dividend was already paid on September 12, 2014 total amount of Baht 17,200,000.00.

33.1.2 To pay dividend from operation results of the year 2014 to shareholders Baht 0.1867 per share total amount of Baht 64.22 million by

33.1.2.1 To pay partial of dividend as stock dividend Baht 0.1667 per share or total amount not exceeding of Baht 57,333.333 to the existing shareholders at a ratio 6 existing ordinary shares per stock dividend 1 share with par value of Baht 1.00 each. In the case of any shareholder has fraction of share and is unable to receive stock dividend, the Company will pay dividend by cash instead for fraction of share to shareholder Baht 0.1667 per share.

33.1.2.2 To pay dividend by cash Baht 0.02 per share or amount not exceeding Baht 6,880,000.

33.2 To issue and offer warrant of the Company No.1 (TSR-W1) amount not exceeding 200,666,667 units to existing shareholders with no offering price at a ratio 2 existing ordinary shares per 1 unit of warrants. (In the case there is fraction of warrant, fraction will be disregarded).

33.3 To increase from existing registered share capital amount of 344,000,000.00 shares at par value Baht 1.00 each total amount of Baht 344,000,000 to total amount of increasing common share 602,000,000 shares at par value Baht 1.00 each total amount of Baht 602,000,000 having detail of allotted share capital as follows:

33.3.1 For reserving stock dividend not exceeding 57,333,333 shares.

33.3.2 For reserving exercise warrant of the Company No.1 (TSR-W1) not exceeding 200,666,667 shares.

34. RECLASSIFICATION

The certain accounts in the statements of comprehensive income for the year ended December 31, 2013 have been reclassified for comparison purpose for the financial statements for the year ended December 31, 2014. There is reclassification as follows :

	Baht		Baht	
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Statements of comprehensive income				
Cost of sales	174,663,878.34	179,388,542.43	174,442,932.81	179,167,596.90
Selling expenses	524,926,731.40	382,888,760.56	503,142,714.52	372,091,847.20
Administrative expenses	168,277,936.12	305,591,242.87	160,698,180.76	287,024,383.99

35. FINANCIAL STATEMENTS APPROVAL

These financial statements are approved to be issued by authorized directors on February 27, 2015.



บริษัท เที่ยรสูรัตน์ จำกัด (มหาชน)
Thiensurat Public Company Limited



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grows sustainable business with good governance.







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