



ANNUAL REPORT 2012

GLOBAL CONNECTIONS PUBLICS COMPANY LIMITED



GLOBAL
CONNECTIONS
PUBLIC COMPANY LIMITED



OUR VISION

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



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Corporate Value

Ethics

Integrity

Partnership

Professional/Focus

Strive for Better



1

General Information

Corporate Information

Company Name	Global Connections Public Company Limited [“The company” or “GC”]
Symbol	GC
Business	Distributing agent of plastic, petrochemical and additive, which are used in petrochemical and plastic transformation process
Head office	13/1 Moo 2 Kingkaew Rd., Rachateva, Bangplee, Samuthprakarn 10540 , Thailand
Home Page	http://www.gc.co.th
Telephone	+66 (0)2763-7921, +66 (0)2763-7999, +66 (0)2763-7923-42
Facsimile	+66 (0)2763-7949, +66 (0)2312-4880-1
Investor Relations	+66 (0)2763-7999 Ext. 201 – 204
Registration Number	0107548000153
Establishment Date	27 th September 1994
Date of registration Public Company	17 th March 2005
Stock Listed Date	6 th December 2005
Juristic person that are being hold more than 10% of their paid-up capital	None
Registered (Paid Up) Capital THB	260,000,000 (200,000,000)
No. of Registered (Paid up) Shares	260,000,000 (200,000,000)

Reference

Registrar	Thailand Securities Depository Co., LTD. The stock Exchange of Thailand Building 62 Ratchadapisek Road, Klongtoey, Bangkok, 10110, Thailand Tel. +66 (0)2229-2800 Fax. +66 (0)2654-5427
Auditor	Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. +66 (0)2264-0777 Fax. +66 (0)2264-0789

Corporate Culture



Unity

Efficiency

Happiness

Adapt to Change

Proactive Thinking

2 *Financial Summary*

Financial Position (Million Baht)

	2010	2011	2012
Current Assets	866	970	983
Total Assets	1,018	1,112	1,125
Current Liabilities	593	707	711
Total Liabilities	598	725	726
Shareholder's Equity	419	388	399

Operating Result (Million Baht)

Sale Revenues	3,662	3,786	3,700
Gross Profit	269	255	233
Operating Profit	172	129	119
Net Profit	124	80	78

Financial Ratios

Return on Asset (%)	13.46	7.55	6.94
Return on Equity (%)	30.51	19.93	19.72
Net Profit Margin (%)	3.39	2.12	2.10
Current Ratio (Times)	1.46	1.37	1.38
Debt to Equity Ratio (Times)	1.43	1.87	1.82
Book Value per Share (Baht)	2.10	1.94	2.00
Net Profit Per share (Baht)	0.62	0.40	0.39

3 *Message from The Chairman*



Since the eruption of financial crisis four years ago, the world economy still struggles to recover. In 2012, the sluggish growth persisted in many major economies due to high unemployment rates and falling demand as a result of austerity policies implemented by some governments to curb their high public debts. The slow economic recovery in major advanced economies together with the already fragile financial sector increased uncertainties and risks that affected growth in many emerging economies.

However, through quantitative easing measures being adopted by several governments of the troubling economies, some improvements were expected in the Eurozone along with the investors' confidence in the world economic recovery. Thai economy, affected by the Great Flood in 2011, was able to rebound quickly due to the government's economic stimulation policy packages such as the First Car Project and the Rice Pledging Scheme.

The economic slowdown, together with the contract termination as a distributor of SCG Plastics Co. Ltd., has inevitably affected the company's revenue and net profit. In 2012, our net profit slightly dropped to 78 million baht compared with the 80 million baht net profit in 2011. However, the company has laid out a mitigation plan as we are appointed as an official distributor of the PTT Polymer Marketing Co. Ltd., a subsidiary of the PTT Public Co. Ltd. from 1 July 2012 onwards. This is one of the company's solutions to steer forward. In addition, the company has put more emphasis on improving its liquidity through better working capital management as well as maintaining a sound financial base and continuously expanding its customer base.

Also the company focuses on long term sustainable development such as;

Emphasis on strong internal foundation through a sound human resource management. This is to be accomplished by ensuring employees at all levels to receive appropriate training and allowing them to utilize such knowledge accordingly. Also, we also nurture equal job opportunity of each employee regardless of their function. The company also provides a fitting reward scheme and welfare which has been recognized by the Department of Labor Protection and Welfare and the Ministry of Labor.

Emphasis on creating value for the business. Apart from providing price incentive for our customers, the company aims to be the top business partner by developing the win-win business model while delivering good service to our customers by seeking diverse raw materials for the industry. In addition to acting as a distributor, the company also strives to become a centre of knowledge and technology through our global networking in order to provide advice and service to our customers starting from production level down to marketing level. This strategy should enable the company to maintain its market share and set up a strong foundation for future growth.

Emphasis on business partnership with customers, producers, and financial institutions. In essence, the company aims to become a top business partner with its stakeholders in order to develop its business in the long-run.

In 2013, the plastics and petrochemical industry is expected to grow continuously in line with the government's GDP target of 4.5-5.5% on an annual basis. Thus, the company will continue to develop its products and expand its customer base in search for greater market share.

Yours sincerely



[Mr. Virah Mavichak]

Chairman of the Board

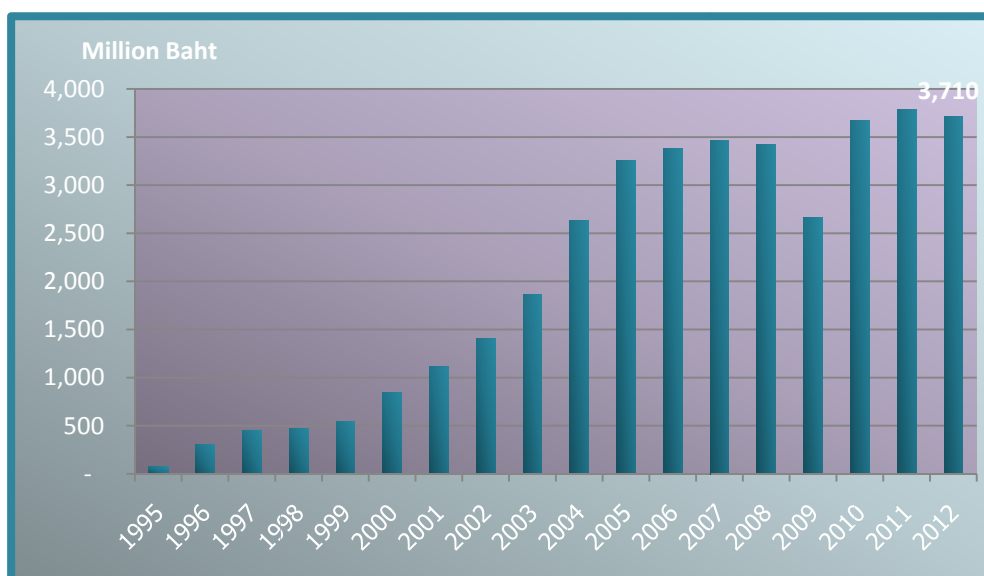
4 ***Business Characters***

The Global Connections Public Company Limited (the Company or GC) is the distributing agent of plastic, petrochemical and additive, which are used in petrochemical and plastic transformation process. The company is the distributing agent more than 30 companies such as PTT Polymer Marketing Co., Ltd., a subsidiary of PTT group and distributor of PTT group in polymer products. PTT group who is leader of Energy and Petro Chemical business in Thailand as well as in Asian region, ExxonMobil Chemical, DuPont Performance Polymers, Siam Polystyrene Co., Ltd, Chi Mei Corporation, and etc. By this reason, the Company is considered to be the Thai distributor who provides the most variety petrochemical and plastic related products for Thailand.

The Company was established on September 27, 1994 by five experienced founders who each has been working in petrochemical industry for more than 20 years with the company initial registered capital of 2 million Baht and began fully commercial on April 1, 1995. The knowledge and experience of founders coincided with the rapid emerging petrochemical industry in Thailand created the continuous growth for the Company. The sale amount in 2012 was 3,700 million Baht and Net Profit of 78 million Baht decrease by 2% and 3% from last year respectively due to changing in distributorship of Commodity Polymer business unit's main supplier with effective from mid of 2012 onward.

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

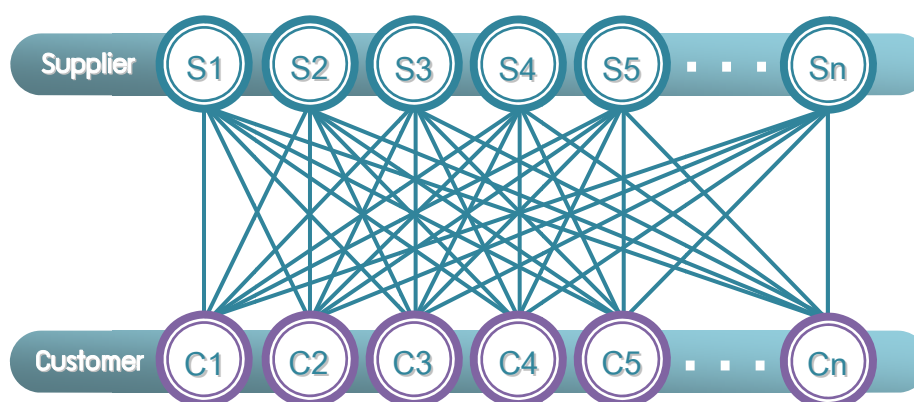
Company's revenue during 1995–2012



Role of Distributing Agent

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

Trade transaction without distributing agent

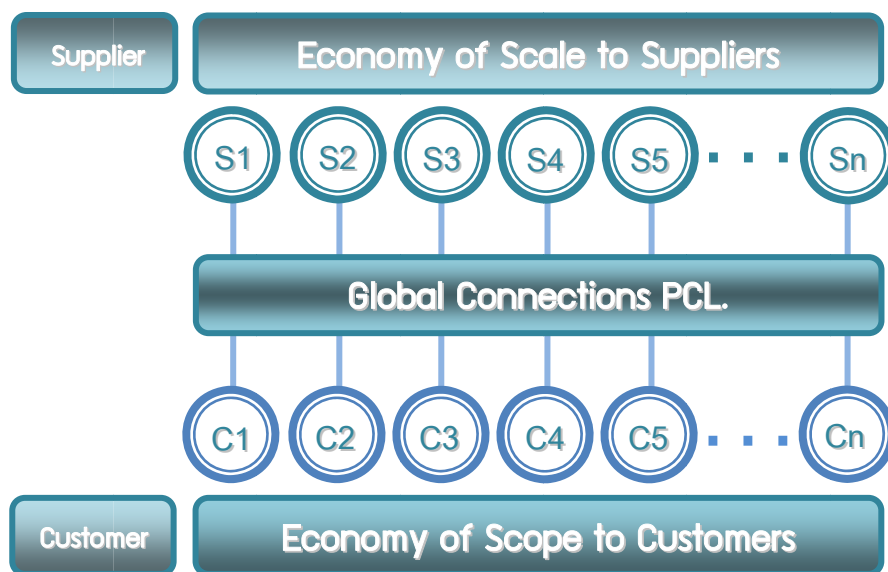


The essential of distributing agents for petrochemical industry is to connect the combined product ranges from the various producers to serve the various needs of end-users/ customers, and to minimize logistic cost of each transaction. The company can deliver value added to both suppliers and customers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

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

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

Role and benefit of distributing agent

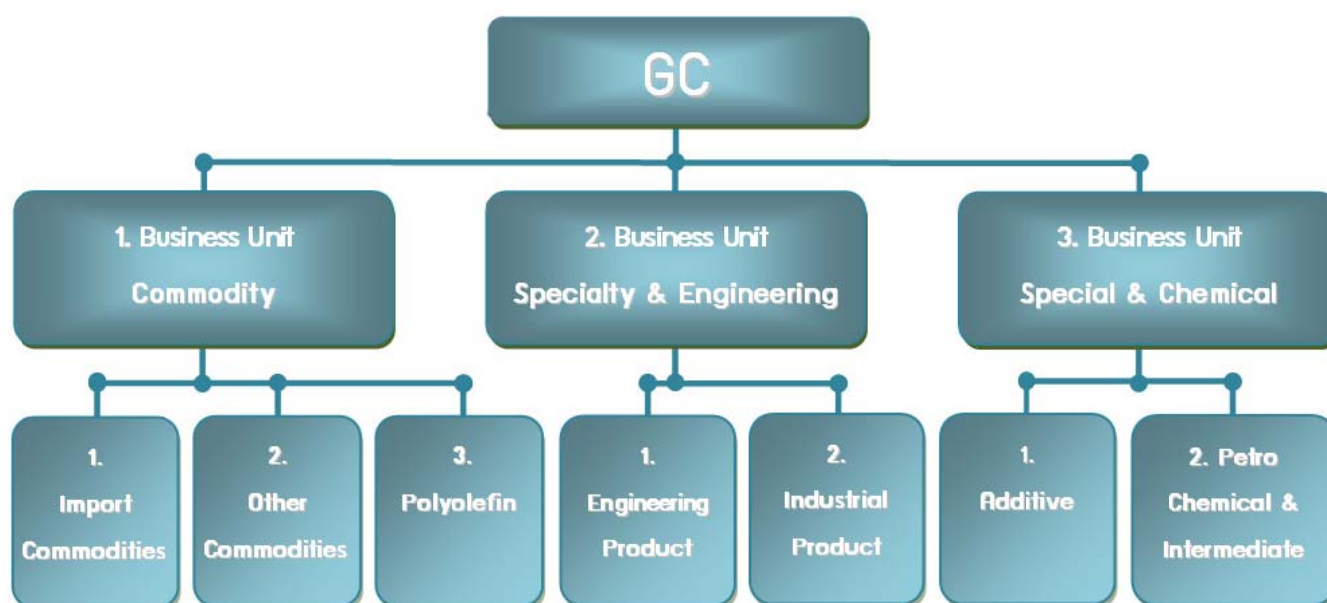


5 Revenue Structure

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

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

Organizational Structure by Business Units



The Company's product ranges from Commodity Polymer, Specialty and Engineering Polymer to special additive chemical which contribute high profit margin, Global Connections PCL is one of the only two Thai distributors variety of product ranges from common commodity grades polymers to special grade polymers. The Company's revenue 3,710 million Baht in 2012 contributed from Commodity Polymer (B.U.1) 55% (or 2,041 million Baht), Specialty & Engineering Polymer (B.U.2) 44% (or 1,632 million Baht), Specialty Chemical (B.U.3) 1% (or 27 million Baht) and from other income 0% (or 10 million Baht)

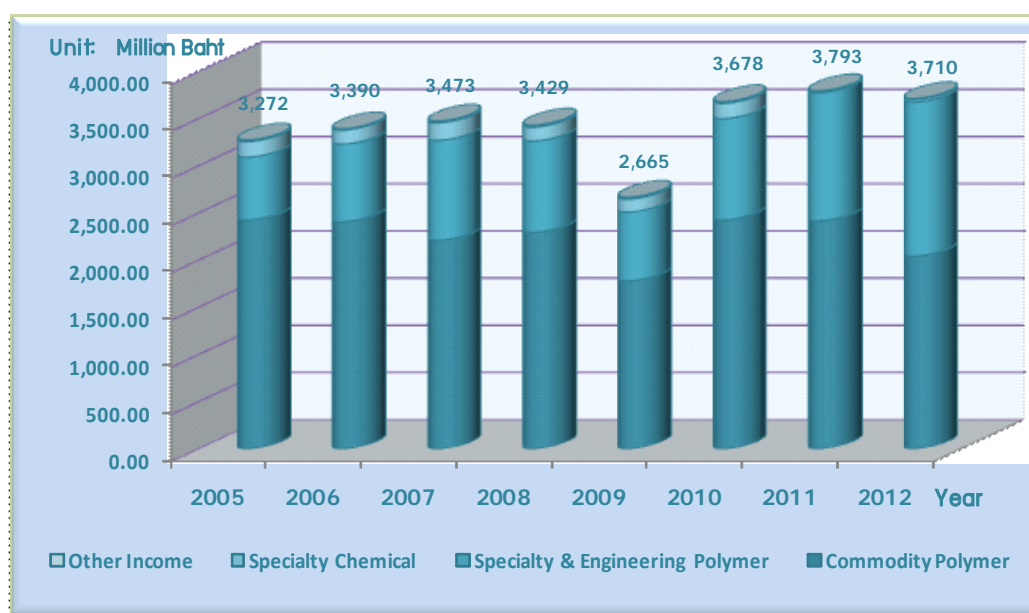
Company Revenues Structures 2010–2012: Break Down by Business Units

REVENUE STRUCTURE	2010		2011		2012	
	Amount (Mil THB)	%	Amount (Mil THB)	%	Amount (Mil THB)	%
Commodity Polymer	2,426	66	2,416	64	2,041	55
Specialty & Engineering Polymer	1,157	32	1,357	36	1,632	44
Specialty Chemical ¹	79	2	13	0	27	1
Total Sale Revenue	3,662	100	3,786	100	3,700	100
Other income ²	16	0	7	0	10	0
Total Revenue	3,678	100	3,793	100	3,710	100
Growth rate	38 %		3%		[2%]	

Remark : ¹In 2011 some item of Specialty Chemical was reclassified into the Specialty and engineering so data in 2010 were adjusted for comparison.

²Other income included commission income from oversea suppliers, interest income gain on foreign exchange and gain on disposal of asset.

Revenue Structure during 2005 – 2012



Remark: * In 2011 some item of Specialty Chemical was reclassified into the Specialty and Engineering so data in 2010 were adjusted for comparison.

6 *Company Background*

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

2001 GC increased its paid-up capital to THB 80 million to support the company expansion with the total sale revenue THB 1,116 million.

2003 GC increased its paid up capital to THB 100 million and moved its warehouse to Kingkaew road, which is the strategic location because this location is near customers and suppliers as the result of high efficiency in transportation of GC.

GC was appointed to be distributing agent of Thai Plastic and Chemical Pcl. (TPC) the largest manufacturer of polyvinyl chloride polymer (PVC) in Asian.

2004 GC was appointed to be distributing agent of ExxonMobil and Rio Tinto Mineral Asia Pte., Ltd., the company moved the headquarters to Kingkaew road to facilitate the operation.

The resolution of the Board of Directors Meeting No 15/2004, held on November 22, 2004, paid dividends THB 78 million and increased its paid-up capital to THB 155 million to Extraordinary General Meeting No. 1/2004 and 2/2004 on November 30, 2004 and December 17, 2004 respectively.

2005 On March 1, 2005, GC was transformed to public company limited, increased its paid-up capital to THB 200 million and changed its par value from THB 100 per share to THB 1 per share with the intention to implement an IPO of 45 million shares. (The resolution of the Extraordinary General Meeting No. 1/2005, held on June 7, 2005, allocated capital increasing as 1.1 million shares for ESOP at book value of THB 1.03 per share and the remain 43.9 million shares for IPO) GC common stock was IPO and listed in The Stock Exchange of Thailand since 6 December 2005.

2006 GC was appointed to be distributing agent of Nanocor Inc. which is a producer of property improvement additive chemical for the plastic industry.

2007 GC signed a contract which is a financial support for dealer financing with Kasikorn Bank in K-Dealer Financing Program on June 6, 2007. This program will support GC's customer working capital credit facilities

GC celebrated 10th Anniversary Strategic Partnership with DuPont on September 13, 2007 at Sukhothai Hotel.



- 2008** GC was connected to be distributing agent of DIC International Chemicals Pte Ltd. for PPS (Polyphenylene Sulfide) which is used to replace metal in Automotive industries and E/E industries.
- 2009** GC was appointed to be distributing agent for additive chemical of AKZO NOBEL POLYMER CHEMICALS BV. which is AKZO NOBEL group of companies in the Netherlands.
- 2010** GC was appointed to be distributing agent of BST Elastomers Co., Ltd. for Polybutadiene Rubber and Styrene Butadiene Rubber. At the same time, the company was terminated agency agreement of BASF due to overlap in some product group.
- 2011** GC was appointed to be distributing agent of Timcal Ltd. for Graphite product which is an additive for polymer.
- GC was appointed to be distributing agent of Miliken Chemical which is a producer of additive to properties improvement of Polyethelene and Polypropylene from USA.
- And GC was appointed to be distributing agent of Imerys Mineral which is a producer for Talcum product from France (Imerys Mineral has 117 mines which cover more than 30 kinds of minerals and Imerys Mineral acquire Talcum business from Rio Tinto Mineral in August 2011)
- 2012** GC and SGC Plastics Co., Ltd have agreed to cease the distributorship effectively June 30, 2012 and GC Jointly signed agency ceremony with PTT Polymer Marketing Co., Ltd, a subsidiary of PTT group, by which GC are appointed as distributor effectively July 1, 2012.

Global Connections Public Company Limited is the distributor of Industrial raw material mainly in plastics and petrochemical industries. Hence the company sales turnover is related directly with these industries. The data from the office of industrial economic (www.oie.go.th) as of January 9, 2013 summaries the outlook of plastics and petrochemical industries as follow:

Plastics Industry

Overall Situation of plastic industry

Plastic MPI during January to October of 2012 declined 2.29% compared with the relatively high in 2011. Export volume accelerated growth lower than import. The export growth only 1.69% in while the volume of imports grew by 18.17% due to increased domestic demand. Especially industrial plastic products and residential construction. The positive impacts of the construction industry growth more than 15% as a result of the need to repair homes recover from flooding in 2011. And the government investment projects, including the need to invest before costs markup such as labor, raw materials and energy increases.

Production

Plastics Production Index for 10 months of 2012 were 148.72, decrease 3.80% from last year due to a high base in 2011, which has produced a huge number of plastic sack for flood protection. The MPI of plastic packaging and consumer plastic product including plastic sheets, film and plastic bags are slightly increased over the same period of the previous year at 2.47%, 0.55% and 5.19%, respectively.

Marketing and distribution

Shipping index

Plastic Product Shipping Index during January to October 2012 is slightly increased 1.32% year on year. As a result of economic stimulation policy to create higher domestic consumption. The government announced policy “at least THB 300 a day for labor hire rate” to improve the economy since the beginning of the third quarter, resulting in the consumption of plastic products are improved. The plastic bag product shipping index is the greatest increase (5.83%), followed by a sheet of plastic film (4.47%) and plastic sheets (2.65%) except plastic sack and the appliances of kitchen and bathroom. The shipments index declined by 9.05 and 6.58, respectively. The appliance of kitchen and bathroom business was improved during the first quarter as a result of need for shelter fixed after Thai flood. The demand has been shrinking steadily since the second quarter onwards.

Inventory index

Inventory index declined 5.69% year on year consistent with the reduced capacity and increased shipments. The plastic film inventory has most increasing from the previous year (14.90%) followed by a plastic sheet (9.21%) and the appliance of kitchen and bathroom (2.84%).

International Trade

10-month Exports plastic products (3916-3926) have low growth due to the economic downturn in Europe; affect many regions in the world and also Thailand's trading partners, including Japan, China and the United States. While the domestic demand and consumption rises. As a result, the export volume of plastic products increased from 1.69% for the year 2011 with the total volume was 825,512.80 tons valued at THB 87,188.76 million.

Top three volume drop of export products group are single fiber (-46.96%), plastic flooring (-12.08%), Non cellular film (-6.09%) and building equipment (-12.34%) which the export volume declined reason may because of the increased domestic demand.

The Imports of plastic products during January to October 2012 a total of 449,350.62 tons grow up from the previous year around 18.17 percent totaling THB 100,402.16 million with the growth rate of a relatively high percentage of 10.18 as compared to the same period of year 2011 the deficit amount THB 13,213.4 million. All import plastic items volume increased compared to the previous year. The top three products with the highest growth the building appliance such as doors- window frames (478.23%), sanitary ware (36.68%) and plastic flooring (36.64%), which were all plastic construction.

Relevant government policies.

Investment in infrastructure such as the rail network, irrigation and water management are the results in the growth of the construction industry. Encourage more domestic consumption by the minimum wage policy and also lending policies.

Summary and outlook.

Plastics industry in 2012 is expected to grow by 3.53% by the country's economic growth. Consumer confidence index in November is highest in 14 months, with a relatively low base in 2011.

However the world leadership changing will affect the short term stability of the global economy. Export growth is low by expected to grow only 2.46%, while the increasing in domestic investment will result to plastic industry import growth in 2013 continue grow up from 2012, with the major reason of the domestic economy expansion. Thus consider factors as follows;

Pros factor

- Large projects public investment such as the metro extension, Investment in long-term water management plan THB 3.5 billion in 2013.
- Economies of partner countries like China and Japan to improve and also the global economy has good signal after The United States launched QE3.

Con factor.

- Electronics and electrical appliance industry continues shrinking. In particular, the computer products and it's components in the ASEAN market, in which the major exporter to Europe.
- The competitiveness of competitors such as Malaysia and China, who have cost advantage. They try to get in the Asian markets.

Table 1 Production Index

Product Index	2010	2011	2011				2012				2012*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan-Oct	
Total	141.99	151.84	144.66	144.45	171.24	147.02	142.21	143.69	156.02	148.72	147.19
YOY (%)	4.39	6.94	3.28	4.42	15.70	3.87	(1.70)	(0.53)	(8.89)	(3.80)	(2.29)
QoQ (%)	N/A	N/A	2.20	(0.15)	18.55	(14.15)	(3.28)	1.04	8.82	N/A	N/A
Plastic Sheet	105.08	120.46	119.20	117.73	128.28	116.64	120.51	123.06	129.40	124.55	124.32
YOY (%)	(12.08)	14.63	9.91	11.26	22.08	15.49	1.10	4.53	0.88	2.47	2.38
QoQ (%)	N/A	N/A	18.03	(1.24)	8.96	(9.07)	3.32	2.12	5.15	N/A	N/A
Film	268.03	285.75	288.34	276.00	307.16	271.50	281.07	273.98	310.82	291.38	288.62
YOY (%)	17.28	6.61	6.31	4.56	8.71	6.72	(2.52)	(0.73)	1.19	0.55	0.17
QoQ (%)	N/A	N/A	13.34	(4.28)	11.29	(11.61)	3.52	(2.52)	13.45	N/A	N/A
Sack	127.41	178.90	121.91	138.53	250.80	204.36	110.42	117.96	132.36	123.41	120.25
YOY (%)	10.13	40.41	3.76	15.62	86.72	48.07	(9.43)	(14.85)	(47.22)	(31.41)	(22.63)
QoQ (%)	N/A	N/A	(11.67)	13.63	81.05	(18.52)	(45.97)	6.83	12.21	N/A	N/A
Plastic bag	126.49	122.65	122.20	121.72	130.67	116.03	129.36	125.84	136.26	131.76	130.48
YOY (%)	(2.36)	(3.03)	(1.08)	(2.31)	(1.68)	(7.13)	5.86	3.39	4.27	5.19	3.56
QoQ (%)	N/A	N/A	(2.19)	(0.39)	7.36	(11.21)	11.49	(2.72)	8.28	N/A	N/A
Kitchen and Bathroom appliance	110.28	111.01	119.23	115.32	117.15	92.33	103.45	116.25	117.03	112.55	112.20
YOY (%)	4.77	0.66	6.72	10.44	6.07	(19.39)	(13.23)	0.81	(0.10)	(2.25)	(1.40)
QoQ (%)	N/A	N/A	4.10	(3.28)	1.59	(21.18)	12.05	12.36	0.68	N/A	N/A

remark : www.oie.go.th

Table 2 Export and Import Volume – Plastic Product

HS Code**	2010	2011	2011				2012				2012*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	U.A.-G.A.	
Export Volume – Plastic Product (Unit : Tonnes)											
Total	949,077.00	967,147.00	233,391.24	242,238.93	254,399.58	237,116.77	237,625.25	243,091.06	256,372.00	825,512.80	990,896.60
YOY (%)	12.93	1.90	3.98	2.54	2.33	(1.11)	1.81	0.35	0.78	1.69	2.46
QoQ (%)	N/A	N/A	(2.67)	3.79	5.02	(6.79)	0.21	2.30	5.46	N/A	N/A
Import Volume – Plastic Product (Unit : Tonnes)											
Total	421,289.56	453,305.31	110,178.56	117,465.18	119,142.98	106,518.58	127,613.90	138,179.74	136,750.00	449,350.62	535,191.14
YOY (%)	23.93	7.60	9.50	10.53	12.52	(1.83)	15.82	17.63	14.78	18.17	18.06
QoQ (%)	N/A	N/A	1.55	6.61	1.43	(10.60)	19.80	8.28	(1.03)	N/A	N/A
Note** Export – Import Product including single fiber, tube, plastic flooring, sheet, film, etc.											
Source : www.oie.or.th											

Petro-Chemical Industry

Petrochemical Industry outlook 2011

Petrochemical industry during first 10 months of the year 2012.(Jan.-Oct.) Asia naphtha prices are fluctuations with oil prices. The adjustment of demand and supply related to the politics issue in the Middle East. The rising oil prices caused the U.S. Congress announce Iran sanctions policy and limit the gold used to buy crude oil from Iran with expectation to stop Iran nuclear program.

Production

Thailand's petrochemical industry has new construction of Epichlorohydrin factory with green technology by using natural glyceride which is the by product from biodiesel production and oleo chemical from organic oil circulation with 100,000 tons per year capacity. Epichlorohydrin is the major material for epoxy resins production. (Polymer plastic for molding) is expected to open in the second half of 2014.

Although the third quarter is the production period for all products to be sold in the fourth quarter which in Christmas season, New Year and Chinese New Year, but the utilization rate in the third consecutive to the fourth quarter of the year 2012 was reduced due to demand reduction by the impact of the global economic uncertainty.

International Trade

Exports

Export of petrochemical products during the first 10 months of 2012 (Jan.-Oct) from upstream to downstream totaled amount THB 237,545.06 million, the growth rate declined around 23.84 percent, compared with the previous year. Petrochemical products has export value decreased 6.92%, 13.11% and 30.58% respectively, compared with previous year. Due to the rate of economic growth of the main country's export markets of Thailand, Especially China and the United States have low growth rates. And also prolonged public debt crisis in the Europe. In addition to the export country markets such as China, Thailand and Vietnam have a lot of plans to expand their production capacity during 2013-2017, some of them already started up production as a result to tight market and reduce dependency on imports of petrochemical products from Thailand.

For the export of petrochemical products of the year 2012 from upstream to downstream is expected to be valued at THB 284,626.93 million with growth rate decreased by 23.67% compared to the year 2011.

Import

Import of petrochemical products during the first 10 months of 2012 (during Jan.-Oct) totaled amount THB 98,997.46 million with a growth rate decreased by 29.27% compared to the previous year. Petrochemical product from Upstream, Intermediate and downstream have decrease import value around 15.30, 41.35 and 27.92, respectively when compared with the same period in 2011 because local end-industry has slow down as a result to have lower petrochemical import

Import of petrochemical products in the year 2012 from the upstream to downstream is expected to be valued at THB 118,484.64 million associated with a lower overall growth rate of 27.89% compared to the same period of 2011.

Prices.

An Asian market Ethylene price in October 2012, priced was at THB 39.87 per kilogram. Increase from Q3/2012 at an average price of THB 33.46 per kilogram. And propylene in October 2012 is at THB 39.50 per kg., which is higher compared to the average price in Q3/2012.

Price for PE and PP (average South East Asia CFR) of LDPE, HDPE, and PP in October 2012 were at THB 43.02, 43.10 and 44.76 per kg., respectively. LDPE and HDPE and PP's priced were lower when compared with the average in Q3/2012.

Export

(Unit : THB Million)

	2010	2011	2011				2012				2012*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan-Oct	
Export	269,290.20	372,868.79	88,438.44	98,882.57	96,920.68	88,627.10	68,227.39	72,702.59	72,831.51	237,545.06	284,626.93
YOY (%)	27.15	38.46	51.27	46.91	36.85	21.91	(22.85)	(26.47)	(24.85)	(23.84)	(23.67)
QoQ (%)	N/A	N/A	21.65	(63.28)	(74.01)	0.21	(23.02)	6.56	0.18		
Upstream	36,633.84	58,419.80	13,785.45	16,646.35	14,700.77	13,287.22	11,424.23	13,609.95	16,050.97	45,887.32	54,657.88
YOY (%)	42.18	59.47	56.91	92.66	63.43	30.10	17.13	(18.24)	9.18	(6.92)	(6.44)
QoQ (%)	N/A	N/A	34.98	(54.56)	(74.84)	(3.61)	14.02	19.13	17.94		
Intermediate	47,972.05	64,401.83	14,112.82	17,607.42	16,303.53	16,378.06	14,673.12	14,255.60	12,909.58	46,528.18	55,968.07
YOY (%)	6.31	34.25	30.70	47.08	37.76	22.52	3.97	(19.04)	(20.81)	(13.11)	(13.11)
QoQ (%)	N/A	N/A	5.57	(63.30)	(74.68)	16.05	(10.41)	(2.85)	(9.44)		
Downstream	184,684.31	250,047.17	60,540.16	64,628.80	65,916.38	58,961.82	42,130.04	44,837.04	43,870.96	145,129.56	174,000.98
YOY (%)	31.07	35.39	55.71	38.40	31.85	20.05	(30.41)	(30.62)	(33.44)	(30.58)	(30.41)
QoQ (%)	N/A	N/A	23.26	(65.01)	(73.64)	(2.61)	(28.55)	6.43	(2.15)		

Source : Custom

Note : * forecast by The office of Industrial Economics

Import

(Unit : THB Million)

	2010	2011	2011				2012				2012*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	U.A.-O.A.	
Import	141,688.53	164,314.62	40,330.34	42,396.19	38,926.75	38,926.75	27,545.91	30,081.70	32,154.01	98,997.46	118,484.64
YOY (%)	43.08	15.97	12.20	13.16	24.24	14.76	[31.70]	[29.05]	[17.40]	[29.27]	[27.89]
QoQ (%)	N/A	N/A	18.90	[69.89]	[74.20]	[3.48]	[29.24]	9.21	6.89		
Upstream	14,592.44	21,353.04	3,294.27	4,412.84	5,735.18	7,910.75	5,272.52	3,732.62	4,505.82	13,951.81	16,933.51
YOY (%)	41.61	46.33	[14.78]	13.38	77.76	119.24	60.05	[15.41]	[21.44]	[15.30]	[20.70]
QoQ (%)	N/A	N/A	[8.70]	[69.76]	[73.14]	140.14	[33.35]	[29.21]	20.71		
Intermediate	29,148.42	32,938.16	8,677.41	9,840.91	8,390.01	6,029.83	4,479.70	5,907.65	4,960.24	17,305.81	20,679.64
YOY (%)	46.90	13.00	23.57	21.45	26.69	[18.52]	[48.38]	[39.97]	[40.88]	[41.35]	[37.22]
QoQ (%)	N/A	N/A	17.25	[66.24]	[74.53]	[30.51]	[25.71]	31.88	[16.04]		
Downstream	97,947.67	110,023.42	28,359.66	28,407.60	28,271.00	24,986.17	17,793.70	20,441.43	22,687.95	67,739.84	80,871.49
YOY (%)	42.20	12.33	13.17	10.52	16.46	9.06	[37.25]	[28.04]	[19.74]	[27.92]	[29.08]
QoQ (%)	N/A	N/A	23.78	[71.00]	[74.30]	[11.89]	[28.79]	14.88	10.99		

Source : Custom

Note : * forecast by The office of Industrial Economics

Relevant government policies.

Summary and Outlook.

Petrochemical industry in the first 10 months of the year 2012 (Jan.-Oct) has decreased growth rate of export value because of the export market country economic has slowdown This is partly result by a prolonged debt crisis in the European Union and also plans to expand the capacity of production , resulting in reduced dependency on import items from Thailand.

Petrochemical industry during Jan. to Oct in 2012 has growth rate of imports decreased, by expected that local industrial slow down, especially Electrical and electronic industries.

Trend

The growth trend of petrochemical industry in Thailand for the year 2012 expected to decrease compared with the year 2011. The important factor should be our local economic and the main export country markets including China, Japan have economics slowed down. The public debt problems in European Union still protracted. As a result, the export and import of petrochemical products from Thailand's has lower growth rate as well.

Petrochemical industry in 2013 is expected to increase from the year 2012 based on the expansion of downstream industries such as the automotive industry. In 2013, when the government has launched various policies to stimulate our domestic economy through large project investment such as the Metro extension, Long-term investment plan for water management, including the world economy recovery. Measures adopted by the U.S. for QE3 (for money injection to the economy), from all various factors, these will affect the growth of the industry. However, have to follow up closely the public debt crisis in Europe due to be the important factor.

8 *Rick Factors*

8.1 Risk of depending on key supplier or few suppliers

From the past, SCG Plastics Co., Ltd. has made the high proportion of revenue of 50-60 percent as it is the key supplier. If SCG Plastics Co., Ltd. terminates the Company from the distributor, it would become a risky issue that could affect the revenues and profitability of the Company due to lack of product to distribute to customers.

On July 1, 2012, the Company has completely terminated the role as a product distributor of SCG Plastics Co., Ltd. with mutual agreement. As it directly represents our revenue of 40-50 percent so the Company steadily make a deal as a distributor with PTT Polymer Marketing Co., Ltd., a subsidiary of PTT Group effective from 1 July 2012 onwards.

In addition, the Company still remains diversify its product policy by expanding into new markets as can be seen from the expansion into the rubber industry, automotive industry and packaging industry. The Company contacts with many new suppliers as well as secure variety products from the existing suppliers to achieve the appropriate balance. At the same time, the Company is focusing on expanding the market and increase sales from the specialty products by the world's leading supplier of more than 20 companies, mostly the Company is the only dealer in Thailand which gives the higher gross margin, less risk of lower prices, high growth rate and less competition when compare to commodity.

As mentioned above, the Company can reduce the impact of the termination as can be seen from the only 2 percent decreased on our sales value.

8.2 Risk associated with the reliability on the officers

Due to most of the sales turnover derived from sales representatives, therefore sales volume has direct relationship with sales representatives. The Company has risk associated with the reliability on sales representatives. If they resign, their clients may follow them that may cause the decrease of sales and profit especially commodity polymer. But selling of certain specialty products may need knowledge and expertise of sales representative and technical support from suppliers. If such sales representative resigns, the Company may encounter problem. However the Company has been dealing with clients for a long time and they are impressed by company policy so it can reduce risk from losing the clients. The Company's management has knowledge and expertise about all products and we have regular customers visit to strengthen good relation between the Company and the clients, including continuous training policy therefore sales representative can be developed to replace continuously. Moreover the Company has good clients database therefore new sales representative can track existing clients easily. One important thing is when the customers of the clients approved the quality of specialty products, they shall not change to use other product unless they have necessary reason. In addition, a certain group of customers are tied up with our specialty products which cannot be changed easily making the Company less dependent on sales representatives.

In addition, the Company plans to develop a succession plan at all levels of management in order to strengthen the sustainability of the organization and long-term business growth.

8.3 Risk associated with bad debts of accounts receivable

At present, the Company sells the goods in credit term mostly. Thus, if account receivable turns to be bad debt significantly, the Company may encounter a financial liquidity risk and affect the Company's profitability. However, the Company has diversified customers base and sales volume per client with value not exceed 5 percent of total sales in order to reduce risk. Moreover the Company had the policy to verify the clients' credit before providing credit to customers and closely follow up financial status as well as payment capacity of the customers. The Company has setup the credit committee to consider the credit of the clients, both new and old ones and also set the credit approval system, which separate from sale department to control the Non-performing account receivable. Moreover, the Company manages and transfers this kind of risk to trade credit insurance continuously since 2005. The insurance covers the bad debts of customers which had been approved under conditions of the insurance company. The insurance company set insurance coverage of each client. The Company sets the doubtful debt allowance according to the risk of accounts receivable according to the past experience and the present status of the clients. Then the Company compares the allowance for doubtful debt and insurance to verify if the Company needs to reserve more doubtful debt allowance.

8.4 Risk associated with exchange rate

The Company purchases most of the goods from local suppliers except the specialty products have to purchase from foreign suppliers in US Dollar. In 2012, the Company imported the goods in foreign currency at 29 percent of its total purchase. From the foreign currency purchase, 99 percent are in US Dollar. If the exchange rate of Thai Baht against US Dollar fluctuates, it may affect the Company's profitability.

However, to protect the exchange rate risk, the Company follows the movement of the exchange rate of Thai Baht against US Dollar closely by asking the advice of the bank to determine whether the Company should buy the forward contracts. The Company has solid policy of no speculation on currency. The Company must not buy the forward contracts without the trading obligations. Moreover, the Company will not sell the goods in advance without agreement on the exchange rate with the clients or buy the forward contracts. By these reasons, the Company can prevent a certain level of risk from foreign exchange rate.

8.5 Risk associated with insufficient cash flow

Since, the Company has to reserve sufficient inventory for delivery to the clients promptly couple with credit term to clients about 94 days which is longer than the credit term of suppliers of about 21 days. The Company have to maintain a number of working capital for operation, which has cash cycle of 73 days. If sale of the Company increases significantly, the Company may need to find more of source capital, which is more costly than the financial cost at the present.

In addition, currently the Company can purchase goods under credit period of 15 days with major suppliers such as PTT Polymer Marketing Co., Ltd. and can negotiate with the major suppliers to receive special long-term credit period which the Company's working capital cost may increase from interest rate. However, the Company has many financial institutions which offer lower interest rate than the major suppliers.

As at 31 December 2012, the Company had credit facilities with many financial institutions. The credit facilities are still available more than 70 percent of the total credit amount. The Company had the stronger working capital status and the Company's debt-to-equity ratio was 1.82 times as at 31 December 2012. Moreover, the Company is likely to get the better conditions from the financial institutions due to the Company's consistently good performance.

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

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



In 2012, the Company had reversal reduction of inventory to net realizable value amounted to THB 2 million because the goods had already been sold out. During the year, commodity prices had fluctuation, thus the Company reduced cost to net realizable value amounting to THB 3 million in 2nd quarter and reversed the amount in 3rd quarter because of the product value turned to be higher and had already been sold out.

8.7 Risk associated with low gross profit margin

Gross profit margin of the Company is relatively low as more than 50 percent of total sales is Commodity Polymer. Thus, factors i.e. the fluctuation of interest rate, foreign exchange, quality of account receivable and inventory management could affect net profit margin. However, the continually improvement of the Company's performance strengthens the working capital and relatively low D/E ratio consequently enable the Company to have better offer and condition from commercial banks. Furthermore, the Company follows the exchange rate policy, customer credit policy and inventory management policy closely including cost reduction development policy, which should lower the risk of low profit margin.

Apart from that the Company also tries to increase sales on the special grade products by increasing customers' base which could reduce the risk. By the end of 2012, the total sales of the special grade product in 2011 as 36 percent has increased to 45 percent in the end of the year, THB 1,370 million in 2011 and THB 1,659 million in 2012, increased of 21 percent from 2011.

The gross margin before delivery expenses, decrease from 7.2 percent in 2011 to 6.8 percent in 2012. Although the sales of commodity Polymer ratio decreased, at the same time, the gross margin for special grade product also had dropped with the increase of competition and the proportion of semi-commodity products are higher.

8.8 Risk associated with terminates the distributing agent contact

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

However, the Company has good performance continuously and also has many regular clients, including develop new client group in various industries which satisfy the manufacturers. Moreover, the Company contacts and working with the producers closely to explain the progress of domestic sales and market development. Thus, the producers still renew the agreement although the Company may not achieve the sales target because they understand the reasons.

In some cases when business policies do not align with each other or the merger creates products duplication, the Company may need to terminate from the role of distributor of some companies. For the SCG Plastics Co., Ltd. in 2012 and BASF (Thailand) Co., Ltd. in 2011, the Company agreed to terminate the role as the distributor.

However, terminated from SCG Plastic Co., Ltd., on June 30, 2012 could directly effect to the Company and the customers so the Company simultaneously replaced SCG Plastic Co., Ltd. with PTT Polymer Marketing Co., Ltd., a subsidiary company of PTT Group on July 1, 2012. Although, it cannot replace all as can be seen from the drop of sales around 16 percent or THB 375 million but still reducing the risk as the Company tries to assess the risk and the long-term plan to handle the crisis.

8.9 Risk from the flood

The floods in 2011, in many industrial and residential zone had caused a wide spread of damages. The Company is located on King Kaew Road. In line with Suwannabhumi Airport, as part of the Floodway where is in a flooding risky area. However, the Company was not affected during the 2011 flooding and also King Kaew Road across the street from On Nuch Road to Bangna-Trad Road.



However, as King Kaew Road is used to be the dyke line. Since we have foreseen and assessed this flood situation. So we made land filled to the same level with King Kaew Road. Or in other words, our road ground is in the same level with the dykes. The platform includes an office building and warehouse height from the ground about 1 meter and 1.3 meter respectively. The Company has been buying insurance policy covering flooding damage. In 2011, many insurance companies have paid compensation in flooding during 2011, as the result, issued a policy in limited responsibility. However, at present, the insurance companies can increase the responsibilities in flooding because they have confidence in government policy and predict that the chance of flooding is low.

9 Shareholder Structure & Dividend Policy

Shareholder Structure

Name	As of January 11, 2013***	
	No. of shares	% of Paid up Capital
1. Mr. Somchai Kulimakin *	44,499,900	22.25
2. Mr. Aikachai Sirijantanan**	28,470,730	14.24
3. Mr. Sumruay Tichachol	27,125,000	13.56
4. Mr. Bhiya Jriyasetapong	26,125,000	13.06
5. Mr. Somkiat Terdtultaveedey	9,200,000	4.60
6. Mr. Siri Thirawattanawong	8,226,000	4.11
7. Mr. Monthon Kwesuwana	6,473,300	3.24
8. Mr. Chalit Limpanave	2,000,000	1.00
9. Mr. Itsara Kulimakin	1,578,380	0.79
10. Mrs. Siwaporn Jarat	1,431,300	0.72
11. Others	44,870,390	22.43
Total	200,000,000	100.00

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

* Mrs. Boonsri Kulimakin who hold 100 shares

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

*** Closure of register book as of January 11, 2013 which replace on December 31, 2012

Foreign Shareholders as of January 11, 2013

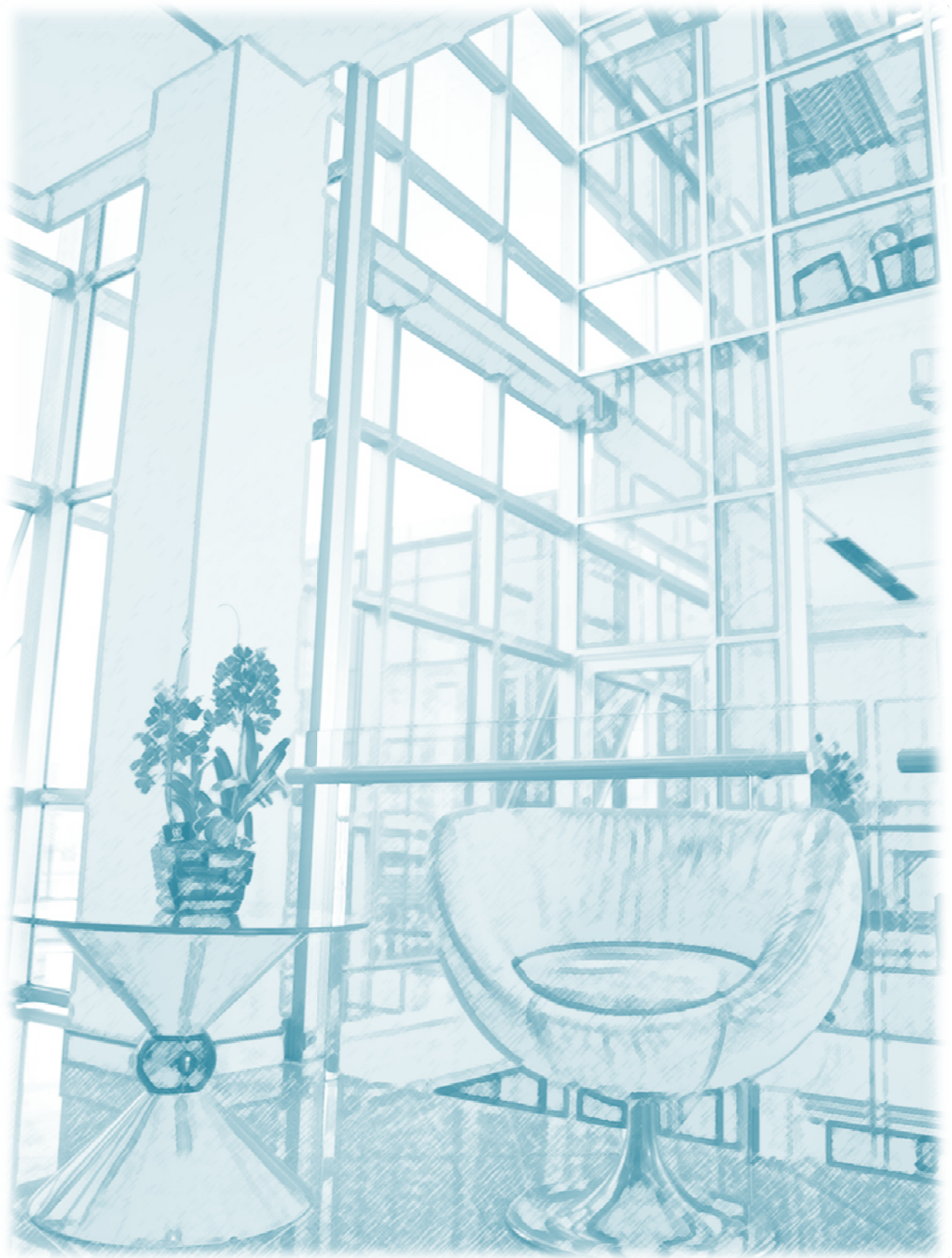
The number of foreign shareholder was three shareholders which held 530,000 shares or 0.265% of paid-up capital

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



Dividend Policy

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



10 *Management Structure and Board of Directors*



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

CHAIRMAN OF THE BOARD AND INDEPENDENT DIRECTOR

Mr. Virah Mavichak

- Age 69 / Percent of Share holding (%) 0.00 (0%)
- M.S. Chemical Engineering, University of Texas, USA
- B.S. Engineering, Chulalongkorn University
- Directors Certification Program (DCP) Class 26/2003,
Role of The Chairman Program (RCP) Class 17/2007,
Thai Institute of Directors (Thai-IOD)



2008 – Present	Chairman of The Board	Global Connections PCL
2004 – 2008	Chairman of Audit Committee	Global Connections PCL
2009 – Present	Independent Director	B.S. Metal Co., Ltd
2009 – Present	Independent Director and Chairman of Audit Committee	Srivichai Vejvivat Co., Ltd.
2005 – Present	Director and Environmental Advisor	Refine Tech Co., Ltd.
2008 – 2011	The Senator	Senate, Kingdom of Thailand
2008 – 2009	Chairman of The Board	TPT Petrochemical PCL
2001 – 2003	Director-General	Department of Industrial Works
2000 – 2001	Deputy Permanent Secretary	The Permanent Secretary Office of Ministry of Industry
1998 – 2000	General Inspector	The Permanent Secretary Office of Ministry of Industry



CHAIRMAN OF THE AUDIT COMMITTEE AND INDEPENDENT DIRECTOR

Dr. Pisit Leeahtam

- Age 62 / Percent of Share holding [%] 0.00 (0%)
- Ph.D, Economics, Erasmus University, Netherlands
- M.S., Economics, Erasmus University, Netherlands
- B.S., Economics, Erasmus University, Netherlands
- Directors Certification Program (DCP) Class 18/2002,
Thai Institute of Directors (Thai-IOD)

2008 – Present	Chairman of Audit Committee	Global Connections PCL
2004 – 2008	Chairman of The Board	Global Connections PCL
2010 – Present	Chairman of The Board	Thai Tank Terminal Ltd.
2008 – Present	Director	P Planner Co., Ltd.
2006 – Present	Country Chairman	Jardines Matheson (Thailand) Ltd.
2005 – Present	Independent Director and Chairman of Audit Committee	Tira Thai PCL
2004 – Present	Chairman of The Board	Prueksa Real Estate PCL
2004 – Present	Independent Director and Chairman of Audit Committee	Quality Minerals PCL
2002 – Present	President	Provident Fund Association
2001 – Present	Vice Chairman and Chairman of Audit Committee	KGI Securities (Thailand) PCL

AUDIT COMMITTEE AND INDEPENDENT DIRECTOR

Assoc. Prof. Chawalee Pongpatirochna

- Age 77 / Percent of Share holding (%) 100,000 (0.05%)
- Equivalence to Master Degree, Business Administration, The School of Economics and Business Administration in Gothenburg, Sweden
- Bachelor Degree in Accounting, Chulalongkorn University
- Director Accreditation Program (DAP) Class 32/2005, Thai Institute of Directors (Thai-IOD)



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



CHAIRMAN OF THE NOMINATION AND REMUNERATION, AUDIT COMMITTEE

Mr. Suchart Suphayak

- Age 55 / Percent of Share holding (%) 0.00 (0%)
- Master Degree in Business Administration, Chulalongkorn University
- Bachelor Degree in Accounting, Assumption University
- Directors Certification Program (DCP) Class 72/2006,
Audit Committees Program (ACP) Class 14/2006,
Directors Diploma Examination Class 20/2006,
Thai Institute of Directors (Thai-IOD)

2008 – Present	Chairman of The Nomination and Remuneration Committee	Global Connections PCL
2006 – Present	Audit Committee	Global Connections PCL
2011 – Present	Associate Judge	Juvenile and Family Court of Phachinburi
2007 – Present	Financial Advisor	Rerm Udom Sugar Factory Co., Ltd.
2004 – 2006	Audit Committee	ADDA (Thailand) PCL
2004 – 2006	Audit Committee	Repax Construction Co., Ltd.
2003 – 2004	Chief Financial Officer	Sammitr Motor Co., Ltd.
1998 – 2003	Vice President	Kad Suan Kaew Co., Ltd

VICE CHAIRMAN AND CHAIRMAN OF EXECUTIVE COMMITTEE

Mr. Somchai Kulimakin

- Age 55 / Percent of Share holding (%) 44,499,800 (22.25%)
- Bachelor Degree in Business Administration,
Assumption University
- Directors Certification Program (DCP) Class 62/2005,
Finance for Non-Finance Director (FND) Class 2/2003,
Leadership and CEO Succession Planning 4/2006,
Thai Institute of Directors (Thai-IOD)



1995 – Present	Vice Chairman and Chairman of Executive Committee	Global Connections PCL
1988 – 1995	Assistant Managing Director	Liack Seng Trading Co., Ltd.
1985 – 1988	Assistant General Manager	Central Pacific (EX-IM) GmbH, Germany
1979 – 1985	Sale Dept. Manager	Metro Co., Ltd.



PRESIDENT

Mr. Veera Kwanloetchit

- Age 51 / Percent of Share holding (%) 0.00 (0%)
- Master Degree of Business and Administration,
Chulalongkorn University
- Bachelor Degree of Science, Major in Chemical Engineering,
Chulalongkorn University

2010 - Present	President	Global Connections PCL
2006 - 2009	Managing Director	Thai Houghton 1993
2001 - 2006	General Manager	DuPont (Vietnam)
1998 - 2001	Managing Director	Xaloy Asia (Thailand)
1988 - 1998	Business Manager and Sales Manager of ASEAN to Engineering Plastic	DuPont (Thailand)

EXECUTIVE VICE PRESIDENT : DEPARTMENT OF SALES AND MARKETING 1

Mr. Sumruay Tichachol

- Age 55 / Percent of Share holding (%) 27,125,000 (13.56%)
- Bachelor Degree in Economics, Thammasat University
- Directors Certification Program (DCP) Class 72/2006,
Finance for Non-Finance Director (FND) Class 15/2005,
Thai Institute of Directors (Thai-IOD)



1995 – Present	Executive Vice President : Department of Sales and Marketing 1	Global Connections PCL
1994 – 1996	Sale Representative	Siam Brother Import-Export Co., Ltd.
1989 – 1994	Direct Sale Manager	Thai Polyethylene Co., Ltd.
1986 – 1988	Sale Representative	Siam Cement Trading Co., Ltd.
1981 – 1986	Sale Section Manager	Metro Co., Ltd.
1980 – 1981	Officer	Bangkok Steel Industry PCL



EXECUTIVE VICE PRESIDENT : DEPARTMENT OF SALES AND MARKETING 2

Mr. Aikachai Sirijuntanan

- Age 48 / Percent of Share holding (%) 27,125,000 (13.56%)
- Master Degree in Business Administration, Chulalongkorn University
- Bachelor of Science in Industrial Chemistry,
King Mongkut's Institute of Technology North Bangkok
- Bachelor Degree in Polymer Engineering,
Rajamangala Institute of Technology
- Certificate Chemical Engineering,
Rajamangala Institute of Technology
- Directors Certification Program (DCP) Class 69/2006,
Finance for Non-Finance Director (FND) Class 15/2005,
Thai Institute of Directors (Thai-IOD)

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

EXECUTIVE VICE PRESIDENT : DEPARTMENT OF SALES AND MARKETING 3

Mr. Bhija Jriyasetapong

- Age 52 / Percent of Share holding (%) 26,125,000 (13.06%)
- Bachelor Degree in Business Administration,
Assumption University
- Directors Certification Program (DCP) Class 69/2006,
Finance for Non-Finance Director (FND) Class 15/2005,
Director Accreditation Program (DAP) Class 30/2004,
Thai Institute of Directors (Thai-IOD)



2008 – Present	Nomination and Remuneration Committee	Global Connections PCL
1995 – Present	Executive Vice President : Department of Sales and Marketing 3	Global Connections PCL
1989 – 1995	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1983 – 1989	Sale Dept. Manager	Metro Co., Ltd.



EXECUTIVE VICE PRESIDENT : DEPARTMENT OF ADMINISTRATION & OPERATION

Mr. Siri Thirawattanawong

- Age 49 / Percent of Share holding [%] 8,226,000 [4.11%]
- Bachelor Degree in Business Administration,
Assumption University
- Directors Certification Program (DCP) Class 72/2006,
Finance for Non-Finance Director (FND) Class 15/2005,
Director Accreditation Program (DAP) Class 30/2004,
Thai Institute of Directors (Thai-IOD)

2008 – Present	Nomination and Remuneration Committee	Global Connections PCL
1995 – Present	Executive Vice President : Department of Administration and Operation	Global Connections PCL
1992 – 1994	Sale Dept. Manager	Liack Seng Trading Co., Ltd.
1990 – 1992	Sale Dept. Manager	Talomsin Plastic Co., Ltd.
1987 – 1990	Sale Representative	MC Plastic Co., Ltd.

VICE PRESIDENT – FINANCE AND ACCOUNTING DEPARTMENT

Mrs. Pravishya Hansakul

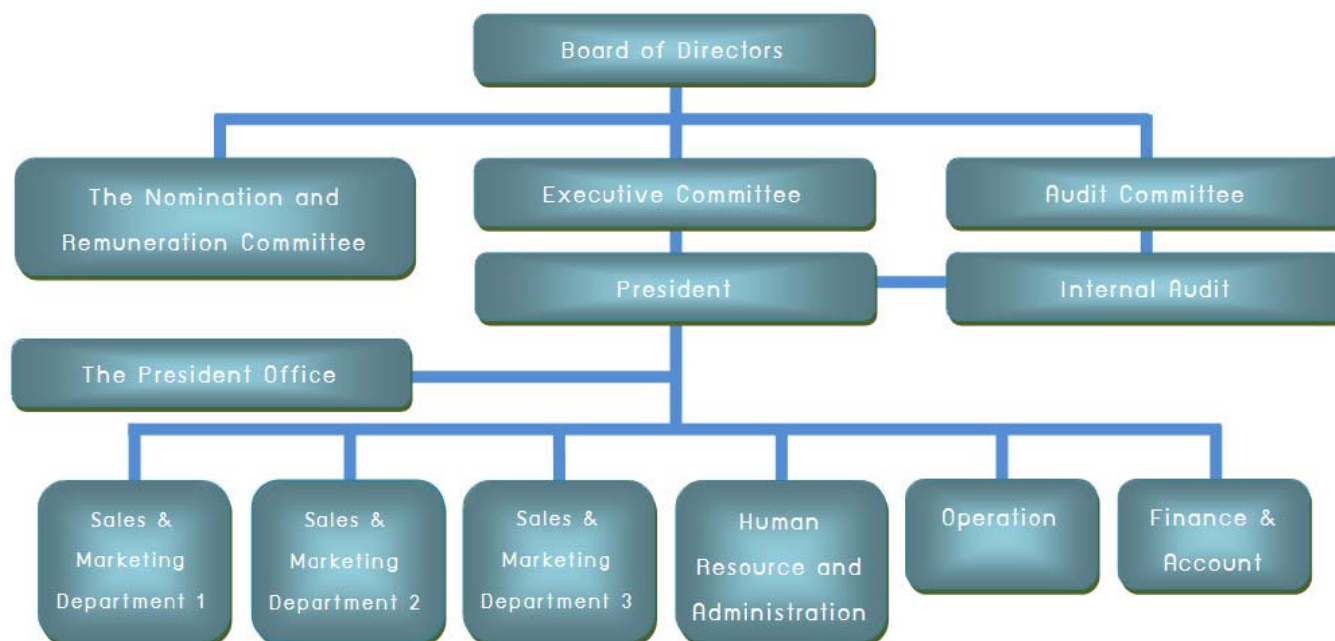
- Age 49 / Percent of Share holding (%) 100,000 (0.05%)
- Bachelor Degree in Business Administration, Assumption University
- Graduate Diploma in Auditing, Thammasat University
- Directors Certification Program (DCP) Class 87/2007,
Thai Institute of Directors (Thai-IOD)
- Executive Development Program (EDP) Class 2/2008,
Thai Listed Companies Association



2002 – Present	Vice President Finance and Accounting	Global Connections PCL
2001 – 2001	Finance Planning & Accounting Manager	GlaxoSmithKline (Thailand) Limited
1998 – 2001	Accounting and Financial Controller	Block Drug Company (Thailand) Limited
1991 – 1997	Finance and Accounting Manager	C. Melchers & Co., (Thailand) Ltd.
1987 – 1990	Senior Auditor	Pricewaterhouse Coopers ABAS Ltd.

Management Structure

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



The Board of Directors

Members of the Board of Directors as of 31 December 2012

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

Secretary to the Board is Ms. Pornpimol Torpaiboon

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

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

Scope, Authorities and Duties of the Board of Directors

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

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

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

The Executive Committee

Members of the Executive Committee as of December 31, 2012

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

Scope, Authorities and Duties of the Executive Committee

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

14. To act as appropriates for any duties which shall be assigned from the Board of Directors.

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

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

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

The Management

Members of the Management as of December 31, 2012

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

Scope, Authorities and Duties of the Managing Director

1. To manages and operates Company's normal business in accordance with business policies, plans and strategies approved by the board of Directors.
2. To permits any normal transaction of the Company including offering, contracting, purchasing, and hiring within the amount of THB 30 Million or in accordance with the authority assigned by the Board of Directors.
3. To assigns any responsibilities of the Company's management and operation to the Management or to the staff according to organization structure approved by the Board of Directors in line with the Laws and the Company's articles of association.
4. To recruits, appoints, transfers, dismiss, lay-off, assigns wages of all Company's staffs below the management level including appointing employer's representative for the Company's provident fund committee.
5. To issues any orders, practices, declarations, and memorandums involving operation in accordance with the policies and for preserve interest of the Company and for keeping the Company's discipline.
6. To acts as appropriates for any duties which shall be assigned by the Board of Directors.

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

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

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

The Audit Committee

The Board of Director established the Audit Committee who is independent from management. The Audit Committee comprises of Independent Directors who are expertise and not relate with Executive and major shareholder.

Members of the Audit Committee as of 31 December 2012

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

All of them have adequate expertise and experience to review creditability of the financial reports of the Company Secretary of the Audit Committee is Ms. Wallaya Watsarujakorn

Scope, Authorities and Duties of the Audit Committee

1. To review the sufficiency and accuracy in accordance with accounting standards by coordinating with the external auditors and management who is responsible for preparing the quarterly and yearly financial reports. The audit committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the Company.
2. To review the adequacy and effectiveness of the internal control systems and internal audit functions by coordinating with the external auditors and internal auditors, and to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
4. To consider and advise the appointment of the external auditors including the audit fee by considering the independence, creditability, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff, as well as to attend a non-management meeting with an auditor at least once a year.



5. To consider compliance with all connected transaction disclosures or the conflict-of-interests disclosures, to ensure that they are in compliance with the laws and the Exchange's regulations.
6. To take care of any other matters assigned to it by the Board of Directors, such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the Company's management, all important reports which must be disclosed to the public according to the law (e.g. Management Discussion and Analysis (MD&A), etc.).
7. To report the activities of the Audit Committee in the Company's annual report, which must be signed by the Chairman of the Audit Committee. The following information should be included in the report.
 - 7.1 Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
 - 7.2 Comments on the adequacy of the Company's internal control systems.
 - 7.3 Statements on whether the Company's auditor is suitable for re-appointment.
 - 7.4 Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
 - 7.5 Comments on the related transaction or conflict-of-interests transaction.
 - 7.6 The number of the Audit Committee meetings, and the attendance of the meetings by each committee member.
 - 7.7 An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
 - 7.8 Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.

The Audit Committee is directly responsible to the Board of Directors. The Audit Committee is subject to a three years term. Nevertheless, a retiring director is eligible for re-election in accordance with the Board of Directors deems appropriate.

The Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee as of December 31, 2012

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

Secretary of the Nomination and Remuneration Committee is Ms. Pornpimol Torpaiboon

Scope of duties and responsibilities of the Nomination and Remuneration Committee

1. To elects individual or considers candidate who is qualified to become member of the Board of Director or other committees, according to the Board of Director membership criteria for recommendation to the Board of Director.
2. To considers and advises suitability of the Committees' size, structure, and qualification which has diversified acknowledge, ability, and experience in accordance with the Company's business.
3. To plans and elects for the succession of the Company's Managing Director or the Company's President to propose the Board of Directors.
4. The Nomination and Remuneration Committee regularly reports performance and submit it to the Board of Directors.
5. Regularly review the appropriateness of principle to considerate remuneration to align them with the Company's goals and the interests of the shareholders.

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

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

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

The finding for the Board of Directors

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

1. Individual election by the shareholders
2. Under 1., there is an one vote per one share
3. The sequence of persons who being appointed started from the highest votes shall be appointed respectively as the Director(s) as equal as the total number of the Directors which will be appointed or elected in that period. However, when there are two or more persons getting the same amount of votes which caused to exceed the sum of appointing or electing of the Directors in that period, the decision of the Chairman of election shall prevail.

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

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

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

The rules of Nomination of Independent Directors

The proceeding of finding the independent Directors

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

Qualification of Independent Directors

1. Holding shares in total not more than zero point five percent of total shares with voting rights of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest provided that the share held by related person of independent directors shall be inclusive;
2. Not being a director having participation in the management, an employee, staff, advisor who receives a regular salary, or Controlling Person of the Company, its Parent Company, its Subsidiary, a subsidiary in the same level, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
3. Not being a related person by blood or registration under laws, such as father, mother, spouse, sibling or children including spouses of children of Executives, Major Shareholders, Controlling Person, or such other person who will be nominated to take up the position of Executives or Controlling Person of the Company or its Subsidiary;

4. Having no business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest in the manner which may interfere his or her use of independent judgment as well as not being Major Shareholder, a director who is not an independent director, or an Executive of a person who have business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
5. Not being an auditor of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, and not being a major shareholder, a non-independent director, an executive or a managing partner of an audit firm for which the auditors of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest work; except for having passed from such the position for not less than two years before appointment;
6. Not being a professional service provider, including a legal consultant or financial advisor who receives wages of more than THB two million per year from the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest. In case the professional service provider is a juristic person, a major shareholder, a non-independent director, an executive and a managing partner of the professional service provider shall be inclusive, except for having passed from such the position for not less than two years before appointment;
7. Not being a director appointed as a representative of the Company's Board of Directors, Major Shareholders or shareholders who are related to the Company's Major Shareholder; and
8. Not having other characteristics which result in not capable to provide independent opinion with regard to the Company's businesses.

Remuneration

Monetary Remuneration

(1) Remuneration for the Board of Directors from fiscal year ended December 31, 2011 and December 31, 2012, the number of meeting and the amount of annual gratuity for the Board of Directors as the followings :

Meeting

	Name	Position	Attendance/ Number of Meeting for Board of Directors		Attendance/ Number of Meeting for Audit Committee	
			2011	2012	2011	2012
1	Mr. Virah Mavichak*	Chairman of the Board	5/5	5/5		
2	Dr. Pisit Leeahtam*	Chairman of Audit Committee	3/5	3/5	2/4	3/5
3	Assoc. Prof. Chawalee Pongpatirochna*	Audit Committee	5/5	5/5	4/4	5/5
4	Mr. Suchart Suphayak*	Audit Committee	5/5	5/5	4/4	5/5
5	Mr. Somchai Kulimakin	Vice Chairman	5/5	5/5		
6	Mr. Sumruay Tichachol	Director	5/5	5/5		
7	Mr. Bhiya Jriyasetapong	Director	5/5	4/5		
8	Mr. Siri Thirawattanawong	Director	5/5	5/5		
9	Mr. Aikachai Sirijuntanan	Director	5/5	5/5		

Remark:* The independent director

	Name	Position	Attendance/ Number of Meeting for the Nomination and Remuneration Committee	
			2011	2012
1	Mr. Suchart Suphayak*	Chairman of the Nomination and Remuneration Committee	2/2	1/1
2	Mr. Siri Thirawattanawong	Nomination and Remuneration Committee	2/2	1/1
3	Mr. Bhiya Jriyasetapong	Nomination and Remuneration Committee	2/2	1/1

Remark:* The Independent Director

Remuneration

Meeting Fee

	Name	Position	2011	2012
1	Mr. Virah Mavichak*	Chairman of the Board	250,000	250,000
2	Dr. Pisit Leeahtam*	Chairman of Audit Committee	100,000	120,000
3	Assoc. Prof. Chawalee Pongpatirochna*	Audit Committee	135,000	150,000
4	Mr. Suchart Suphayak*	Audit Committee	165,000	165,000
5	Mr. Somchai Kulimakin	Vice Chairman	100,000	100,000
6	Mr. Sumruay Tichachol	Director	75,000	75,000
7	Mr. Bhiya Jriyasetapong	Director	95,000	70,000
8	Mr. Siri Thirawattanawong	Director	95,000	85,000
9	Mr. Aikachai Sirijuntanan	Director	75,000	75,000
	Total		1,090,000	1,090,000

Remark: * The independent Director



Besides the meeting allowances per each meeting as showed in the table above, the Company had grant monthly compensation to four independent directors as a total of THB 1,140,000 per year since 2007 and allocate bonus for nine directors as a total of THB 1,770,000 and THB 1,552,000 in 2011 and 2012, respectively. Anyway all remunerations are approved by shareholder meeting in amount which not exceed THB 4,000,000.

(2) Remuneration for Executive Directors and Management Committee total of seven was THB 28.77 million in form of salary and bonus for the fiscal year ended December 31, 2012.

Other forms of remuneration

The Company has established provident fund since 2000, the Company's contribution to the provident fund for the Management Executives (The Management committee) totaled THB 3.27 million in 2011 and THB 3.37 million in 2012. The Company also provided automobile for the 7 Management members.

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

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

Good corporate governance policy in the year 2012

The Company duly complied with the principles of good corporate governance for listed companies 2006. In 2012, the company was evaluated Corporate Governance by the Thai Institute of Directors Association (IOD) which corporate-governance scores rated "Very good" (4 STAR) benchmark.

In 2012, the Company has continuously observed the good corporate governance policy.

- ❑ **Rights of shareholders** : The Company allowed minor shareholders to propose agendas and name of directors for the Annual General Meeting of Shareholders in advance during on 27 September 2012 to 28 December 2012. The Company established the transparent procedures and criteria and publicized them on the company's website and notified the shareholders through the Stock Exchange of Thailand which shareholders able to propose more than 3 months.
- ❑ **Equitable treatment of shareholders** : The Company organized the shareholders' meeting on Thursday 3 April 2012 at meeting room of the Global Connections Public Company Limited. The company provided a van to facilitate shareholders to join AGM from The Stock Exchange of Thailand.

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

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

- **Roles of Stakeholders** : The company reviewed and rectified its code of conduct and posted on company's website. The code of conduct was printed and delivered to all employees for compliance. Moreover, the company has set the channels to receive complaints on CG ethical conduct. There was no petition in 2012.
- **Disclosure and Transparency** : The company informs performance of the company to Analysts and investors in Opportunity day of the Stock Exchange of Thailand every quarter. The company discloses its information, financial statements and other notices through the Stock Exchange of Thailand or the company's website. Investors can reach company's Investor Relations Department at telephone or e-mail.
- **Responsibilities of the Board of Directors** : The Board of directors resolved to upgrade the good corporate governance standard in accordance with the Good Corporate Governance Standard of the listed companies in 2006. In 2012, The Company organized the meeting of Board of Directors 5 times. Directors always attend more than 80 percent for meeting of Board of Directors. The company also organized meeting between Non-Executive Directors (NED) to discuss interested issues without management in attendance. The NED meeting was schedule held before the Board of Directors meeting regularly.

The Company is also considering for proportion of independent director more than 50 percent with the Good Corporate Governance Policy.

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

Section 1 Rights and Equitable Treatment of Shareholders

Realize the importance of shareholders' equitable rights as follow :

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

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

- ❑ Participate and vote in shareholders' meetings**

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

- ❑ Right of equitable Treatment**

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

□ Shareholders Meeting

Shareholders should receive letter of invitation to the meeting and the letter contains information relating to the location, date, time and agenda. Shareholders may request to directors to add additional agenda of meeting and may pose questions in advance prior to meeting date. This can be seen from the opportunity for shareholders to propose agenda for the meeting and to propose nominee for the period of three months before the end of each fiscal year with the proportion of shares held one percent only.

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

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

Section 2 Rights of Stakeholders

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

□ Principles and core Values

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

1. Honesty
2. Promise-keeping and Trust Worthiness
3. Keep Confidential Business Information

4. Professionalism
5. Integrity
6. Leadership
7. Compliance to law & Regulations
8. Loyalty
9. Fairness
10. Empathy
11. Respect to others
12. Commitment to Excellence
13. Reputation and Honor

❑ **Treatment of stakeholder**

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

❑ **Conflict of interest**

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

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

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

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

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

❑ **Political Activity and Participation**

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

❑ **Anti-Bribery**

In general, do not offer anything to a government official—directly or indirectly—in return for favorable treatment. You must obtain prior approval from authorized before providing anything of value to a government official. Ensure that any such payments are properly recorded in the appropriate Company account

Bribery of government officials is legislation criminalizing. The sanctions for violating these laws can be severe, including significant individual and corporate fines, and even imprisonment. So bribes are prohibited

A bribe is giving or offering to give anything of value to a government official to influence a discretionary decision. Examples of bribes include payment to a government official to encourage a decision to award or continue business relations, to influence the outcome of a government audit or inspection, or to influence tax or other legislation. Other payments to government officials also may constitute bribes in some jurisdictions.

Section 3 Information Disclosure and Transparency

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

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

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

Section 4 Responsibilities of the Board

□ Board of Directors composition

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

□ **Duration of the term of service of director**

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

□ **Position Holding in other Companies by President**

In order to allow the President to devote adequate time for his/her responsibilities in the Company and increase the management efficiency. The Board of Directors has the policy and determine how the President who will be engaged in the any position of other companies. In accordance with the Good Corporate Governance, the President is required to report the information of company name, type of business and position to the Executive Committee to consider approving. In addition to the interested report.

□ **Separation of positions**

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

❑ **Sub-committees**

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

The Nomination and Remuneration Committee consists of 3 members. The authorities of the Nomination and Remuneration Committee are described under the management structure section.

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

❑ **Board of Directors' meeting**

The Company's policy arrange at least 4 times per year for a Board of Director meeting which was hold 5 times in 2012 and Executive committee meeting at least once every month for considering short term and long term strategy. There shall be directors attending the meeting not less than half of the total number of directors to complete the quorum. The secretary to the Board of Director will inform and send the notice of the meeting to the Board of Directors. The secretary to the Board of Directors will inform and send the notice of the meeting which contains details of date, time and place together with agenda and related documents to the Board of Directors 7 days prior to the meeting for an appropriate consideration. The member of the Board is able to raise more agenda and present idea openly and directly. The Company's secretary will record and take minutes of the meeting.

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

□ **Report of the Board of Directors**

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

In quarterly the Board of Directors' meeting, the Company Secretary always report any change in their GC securities holding of all directors and Executives.

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

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

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

❑ **Succession policy**

The Board of Directors assigns the Nomination and Remuneration Committee to prepare a succession plan for the position of CEO/President to ensure that the Company is managed at all the time by CEO with appropriate competency and skills. The Company is also assigned Human Resource Department provide a succession plan for executive and management level position in order to prepare in case they can not perform.

❑ **Orientation for New Directors and Enhancement of Business Knowledge**

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

❑ **Assessment of Performance of the Board of Directors and President**

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

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

For the annual evaluation of the President which was primary considered by the Executive Committee. The assessment is not only comprises the potential performance of the president that relate with the Company competency and also the comparing of company performance with the target and the Company annual business plan. The assessment result was presented to the Nomination and Remuneration Committee to determine his remuneration and incentives as appropriate.

Section 5 Conflict of interest

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

In any connected transaction with concerned persons may raise a conflict of interest. To ensure transparency and equitable treatment of shareholders, the vote of interest persons will be excluded.

Section 6 Internal Control and Internal Audit systems

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

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

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

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



- a) The company will notify the board of directors and executives who perceive inside information that may affect the price of securities. to refrain from trading their shares of the company one week before and 24 hours after financial statement has been revealed to the public and prohibit disclosure of inside information to others.
- b) The company has instructed its directors and executives to report any change in their holding of securities of company in accordance with section 59 and provisions on penalties section 275 stipulated of Securities and Exchange Act B.E 2535 and the regulations of the SET including to their spouses and children less than 21 years of age. The directors and Executives must submit one copy of the securities disclosure report to the Company and the Securities and Exchange Commission on the same day.

Section 7 Risk Management

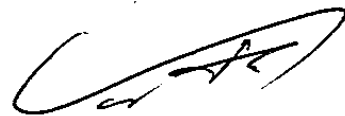
The company gives importance to risk management system by assessing and setting the company's risk constantly relating to business operation risk and financial risk of the company. The company has initiated management meeting consist of management team and all support functions in every month to settle strategies and policies to reduce the company's risk and assign related departments to monitor risk and report to management team. The Executive Committee has taken care of the risks of the Company therefore, the Executive Committee retard to set the Risk Management Committee which will impact to higher expense.

Executive Statement

Throughout 2012, Global Connections Pcl. keeps concentrating on the execution of Corporate Social Responsibility strategy to all shareholders, i.e. customers, employees, community, and shareholders, for sustainable growth along with business growth. We do encourage employee to engage in working processes for efficiency and effectiveness which lead to customer satisfaction. We realize values of integrity, transparency, and accountability to the shareholders by disclosing all necessary information and listening all feedback as two-way communication. All resources are committed to fully utilized for the best company benefits such as energy saving and environmental conservation.

Regarding employee development, individual training and development programs are identified and conducted in order to improve their capability and competence in serving customer centric strategy.

By strong and committed intention in CSR activities, we have been awarded by Department of Labor Protection and Welfare in 2012. It is our great pride and will motivate us to drive more activities for further success of company and society.



(Mr. Veera Kwanloetchit)

President

Guidelines for Sustainability Report

This Sustainability Development Report is included with the Annual Report therefore the overall context for business operation understanding will be omitted because the annual report is already included. This report will mention only the results of operations of the society, environment, and safety.

This Sustainability Development Report is intended to communicate the policy, management strategy and the economic, social and environmental performance during the period 1 January 2012 to 31 December 2012 by the reporting application to report on the sustainability of the Global Reporting Initiative (GRI) G3.1 as the main indicator of the corporation to assess the integrity of the content reported level C is the content of the report contains of part I: Strategy and overall company (Strategic & Profile) and part III: Performance (Performance indicators) only without covers part II. Management Approach about develop a plan of management for future operations.

Scope of report

The contents of this report are start with the survey of customer satisfaction before and after sales services and image of the Company for the year 2012. The customer come first priority. Because the customer who affected both directly and indirectly from the Company operation. The customer is in various industries related to the use of polymers and additives, and "employees" are also important stakeholders because "employee" as a major driving force for the Company business by delivers quality products and services with social responsibility. As a result, other stakeholders such as public and community partners, shareholders can take benefit from our employees who are responsible and smart with a good conscience.

For more information please contact Investor Relations Department

GLOBAL CONNECTIONS PCL.

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Tel :+66(2)-763-7999 extension 201-204

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

Social performance

Global Connections PCL. recognizes that social responsibility is vital drive for the Company. Sustained growth. The company try to interfere a sense of social responsibility in every work processes for delivering quality products in order to serve need and create stakeholder satisfaction, thus the Company set priority of CSR in process for working process development. Fair employment and have no violation of human rights, employees training, customer service development and activities to support employee participation and development through the year 2012.

The Company continued doing CSR Activities by support public organizations such as public schools and government unit in term of scholarships to schools in neighboring communities by the year 2012 with a list of scholarships is encouraged.

1. Klong Bang Ka E School
2. WatTongkung School
3. Wat Nam Daeng School (KheawUtis)
4. SulaoBanrai School
5. Wat King Kaew School
6. WatBangpleeNai School
7. KlongKanya School
8. Wat Pan Prasit Tharam School

By such activities purpose to support the creation of a public society to have a good result in the future social development.

Indicator of the social division

Global Connections PCL. focus on human resources, who are key business driver. The Company has social performance indicators by the following factors.

Employment : by gender

All employee	Male	Female
115	63	52

Employment : by education

All Employee	Below Bachelor Degree	Bachelor Degree	Master Degree or Higher
115	47	55	13

Employment : by age

All Employee	0-3 years	3-6 years	6-9years	More than 9years
115	73	12	18	12

Percentage of salary expenses for male versus female employees

Sex	% Salary Expenses
Male	55%
Female	45%

Global Connections PCL. recognizes in fairness employment with regard their ability to perform their jobs. Which take into account the principles of equality, fairness the commitment to the company and their career path growth together with the Company.

To strengthen the capacity and commitment of the staff

The development of the company

People are the most important company's resources; they are critical in driving the business forward and maintain its leadership in the business and sustainable growth. The company is providing a software development with operations in the field of human resource development in a systematic way. This covers all employees in the target group. And provide adequate funding for the development. Last year budget in 2012, we utilize over THB 700,000 for staff development training programs, both in houses and public course, including more than 50 courses in order to create solid foundation for our staff development to be "the one with professional, responsible and good attitude" who has knowledge, skills, good attitudes and behaviors consistent with organizational culture in order to meet customer satisfaction with the company's employee development program to support their work. The company provides a comprehensive program to improve by the position. Employees can take action immediately;

including curricula for sales skills, personality development courses, professional and technical courses are offered. The company also encourages employees to learn in other ways or activities such as the Knowledge Sharing activities in small groups among employees (Group Activity), which all learning is also promoting the development of their career growth (Career Management) and led us to the Learning Organization for development to contribute profession advancement.

Number of employees receiving training 2012

Sex	Average of Training day
Male	4.93
Female	8.06

Remark : If you compare the average number of training days between male employees and female employees will found 3.13 shows that the difference is due mainly male employees such as truck drivers and warehouse clerks. The performance is characterized by the delivery was planned for each day (Day to Day Operations) are not able to attend the scheduled training run. However, the Supervisors are encouraged to join groups to enhance the skills needed to perform the task.

Responsible for the implementation of business processes

Currently business operation have to compete with the time and information needed to make decisions, we have a way for customers to contact the company and request a hearing on the website of the company www.gc.co.th this the contact center for information of the company and channels for company stakeholders in all groups are fully included.

1. Customers can access the company's products and services in the "Products and Services".
2. Investors is another group of companies business involved. We create the menu. "Investor Relations" to provide all information need for investors. All investors and funds communication will be efficiency exposure www.gc.co.th feedback via the contact us 24 hours a day.

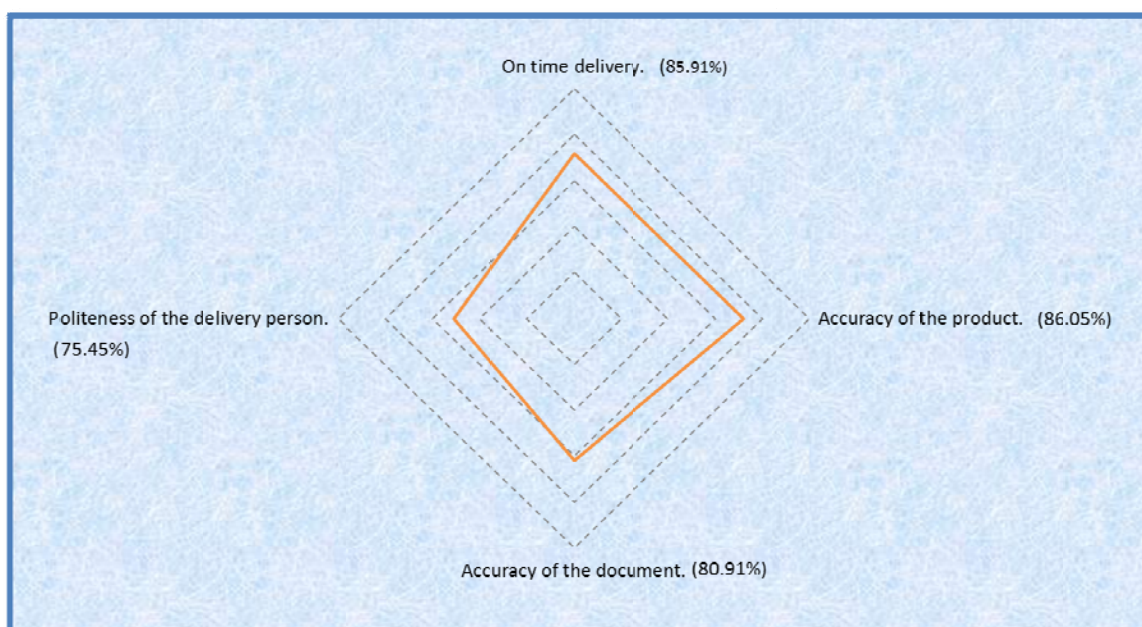
The customer satisfaction survey

The Evaluation of customer satisfaction was created to develop in every work process. Assessment data is divided into three areas.

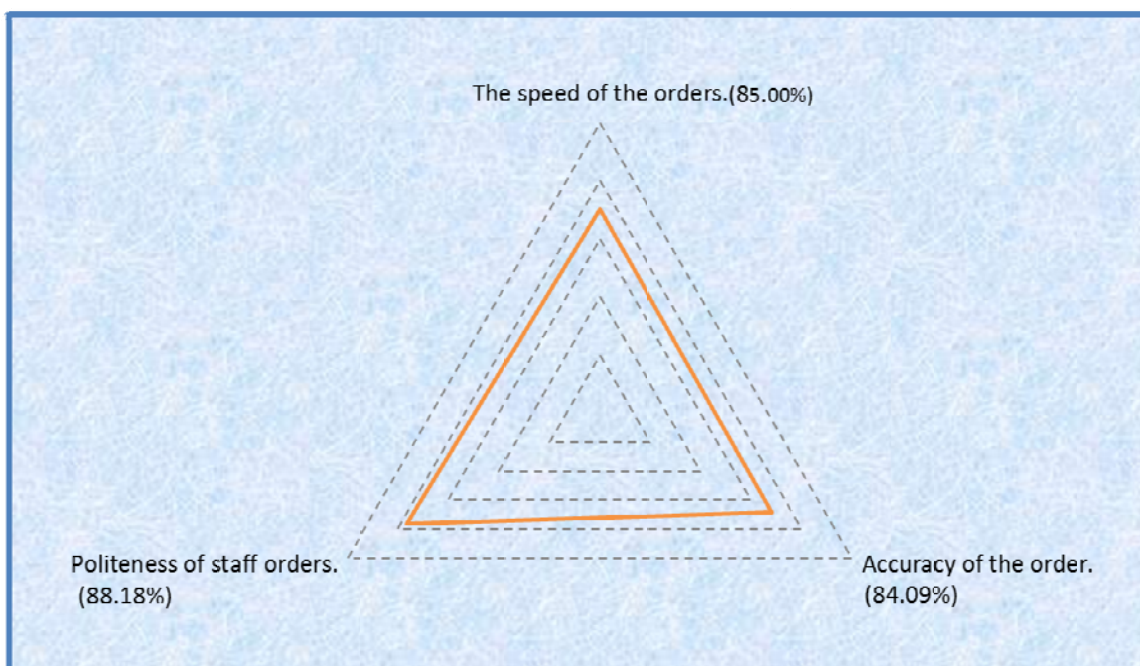
1. **The delivery:** The surveys show customers opinion in the following :On time Delivery, the accuracy of the product shipped, documents and the courtesy of the delivery staff
2. **Order:** The surveys show customers opinion in the following: the ordering speed, the validity of the orders and the courtesy of the staff.
3. **Services sales:** The surveys show customers opinion in the following: to be eager to solve the problem, the product instructions and recommend, the wide range of products and over all satisfaction with the company the services and products.

Customer satisfaction survey covers major customers to explore sales accounted for 66% of total sales. Survey result as follows:

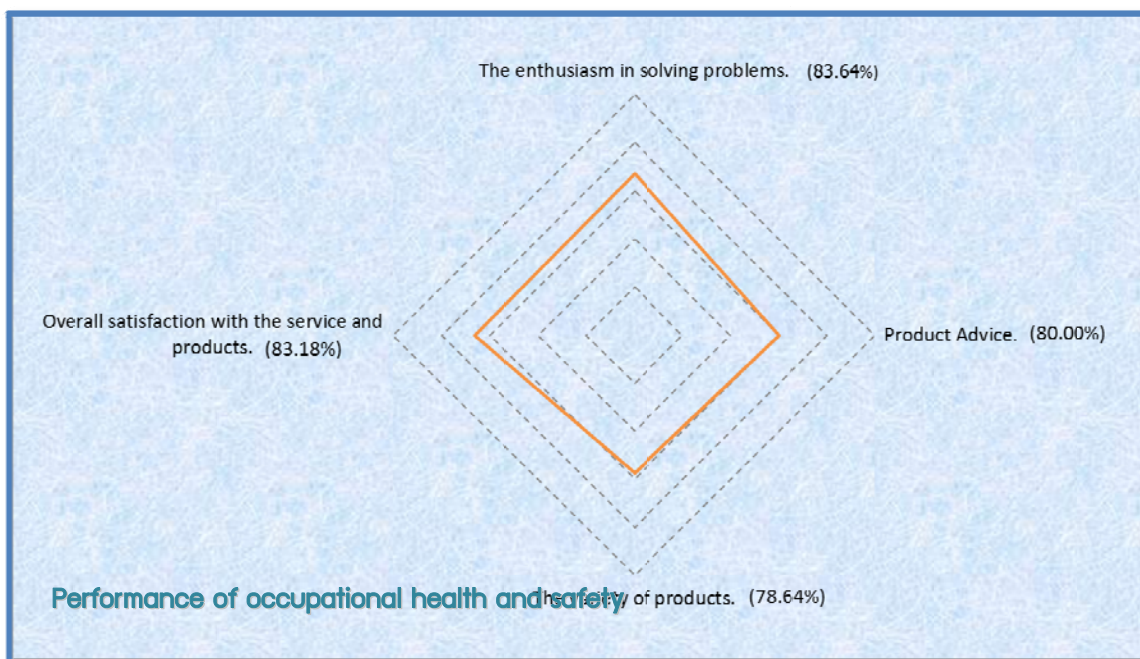
1. Satisfaction rating for the shipping. Average score of 82.08% teach by the following factors.



2. Satisfaction rating for the orders. Average score of 85.76 % each by the following factors.









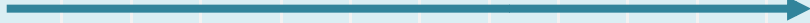






3. Satisfaction rating for sales services sold by factor of 81.36% average gain score.



Due to the company concerned for the safety and health of employees is all employees are our most valuable resource. The company has adopted the occupational Health and Safety policy as part of business strategy to achieve maximum efficiency and effectiveness should not harmful to health, be treated fairly and based on the work of the employees happiness by the policy is as follows.

1. Protect the health and safety of employees, customers who come into contact at office and People who may be affected. To conduct all activities in a manner that is responsible for the environment.
2. Safety is the first responsibility of every employee in the performance.
3. Company will contribute to improved working conditions and environment for both physical security and conducive to good mental health in the workplace
4. Company shall promote safety activities to be conscious and participation of all employees, such as motivation, training, etc.
5. Supervisors at all levels to act as a good model for leadership training, coaching and motivating employees with a safe
6. All employees must concern safety for their own, colleague and the assets of the company is constantly working.
7. Employees shall maintain a clean and orderly work area. Safety and hygiene of all employees.
8. Employees shall maintain and to cooperate in projects relating to occupational safety and health of the company
9. Company shall provide for the survey and monitoring the implementation of the policy set forth above by the person who responsible

Year Plan of Safety 2012

Subject	Responsibility	Quarter1			Quarter2			Quarter3			Quarter4			Result
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Check the safety of the warehouse.	Logistic													Normal operation
Collect and summarize the percentage. Accident period.	Logistic													Normal operation
Organize meeting of safety Health and the environment committee and to do reports.	Safety Committee													Normal operation
Inspection of fire extinguishers. and emergency signals.	Administration													Normal operation
Check plumbing and electrical systems.	Administration													Normal operation
Analysis of the work environment. (Sound, light, heat, dust).	Administration													Normal operation
Annual building inspection.	Administration													Normal operation

Implementation summary of occupational health and safety

Subject	Result
Safety of the operation.	No employee received serious accidents of all staff working in the office and warehouse.
Lawfulness	No significant amount of the fine. And the numbers of non-monetary penalties are imposed for violations of health and safety laws and regulations.

Environmental performance.

Due to the business need and demand for a wide variety of resources such as electricity, water, fuel, etc., to drive performance. All the resources are limited, the company agreed to the promotion and awareness of all staff to use existing resources as necessary to achieve maximum benefit. And not wasting resources unnecessarily. Ways to use resources more efficiently as follows.

To reduce fuel consumption.

1. Companies provide monitoring the air pressure in tire for carrier on a regular basis. And services include personal's car of employees. As if the tire is too soft, will consume more fuel than tires with the standard tire.
2. Change car's tires according to standard. Check wheel alignment. Change the engine oil, Oil filter, and Air filter by the specified period.
3. Planned route of delivery for every shipment. To be efficient and economical.
4. Control every car that comes into the company has to stop the engine while waiting or packing.
5. Arrange training in the drive safety and environmentally friendly.
6. Promote the use of car sharing or car pool of the employee.

To reduce power consumption.

1. Design air conditioning system by separate areas. So switches of lighting control equipment to suit the area to be able to close and open when in use only.
2. Turn off all lighting during a lunch time or when not in use.
3. Open window or use tile transparencies, so we can utilize the nature light instead of using a light bulb.
4. Sun protection film and insulation installation to reduce work load of air conditioner.
5. Use energy saving lamps and accessories which approved standard. Such as fluorescent lamps, instead of conventional bulbs. Compact fluorescent bulbs (CFL) instead. The automatically on-off by the darkness outside and the passing of a person.
6. When damaged power was found. The cord or pin change to brown or black. The immediately replacement will apply o prevent fire due to a short circuit.
7. Closed computer monitor during lunch time and use energy saving computer type supplies.
8. Create awareness of energy saving campaign through various means such as board information arrangement. Knowledge sharing by training and so on.

The use of air conditioning and ventilation optimization.

1. Turn off air-condition which not in use. And when you turn it on again, should be open for at least 15 minutes.
2. Turn off air conditioning when will not use more than one hour and before closing time because it's still have a cold until office hours.
3. Open the window to lets the wind flow when weather is not too hot. Instead, to turn on air-condition. Will help reduce energy consumption and also get well ventilated.
4. Moving appliances such as electric kettles, the photocopier to the appropriate area to reduce the power consumption of the machine and to protect the toner dust in the room that will harmful to worker healthy.
5. Examine any material that may block air cooling air through evaporator and condensing set.
6. Cleaning air filters regularly.

Use efficiency and energy-saving office equipment.

1. Shut down the computer monitor when not in use for more than 15 minutes or set the screen saver.
2. Select a computer system to save power consumption.
3. Revise document on the screen instead of editing the printed document. This reduces the power consumption of paper printing, ink and printer deterioration.
4. Install network printer to share facilities which reduces both energy consumption and maintenance.
5. System Stand by - Safe mode when not in use copier for longer than 15 minutes.

To reduce water use.

1. Leak detection of plumbing on a regular basis.
2. Use water save type for Flush Tank and Urinal.
3. Bringing water from natural ponds for watering plants.

Waste minimization and water reuse.

1. Determined using both sides of paper for internal document.
2. Information transmission. Implement the submission for all information in electronic base with all data that can be read via other media and no need to print out the document.

Award of pride

The company contested the establishment of good industrial relations and labor welfare. Department of Labor Protection and Welfare for the year 2012 and the Award for excellence at the national level.



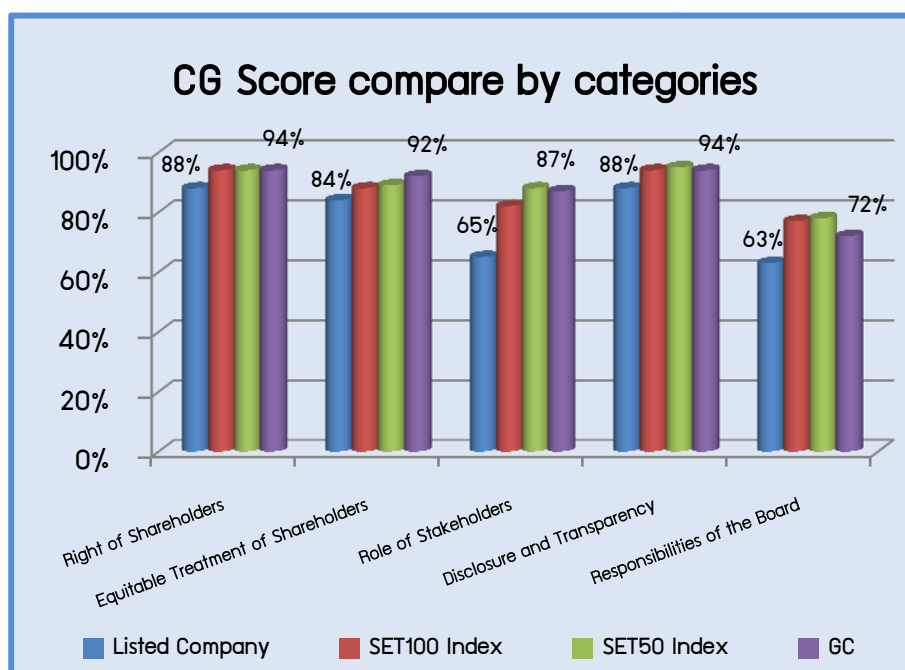
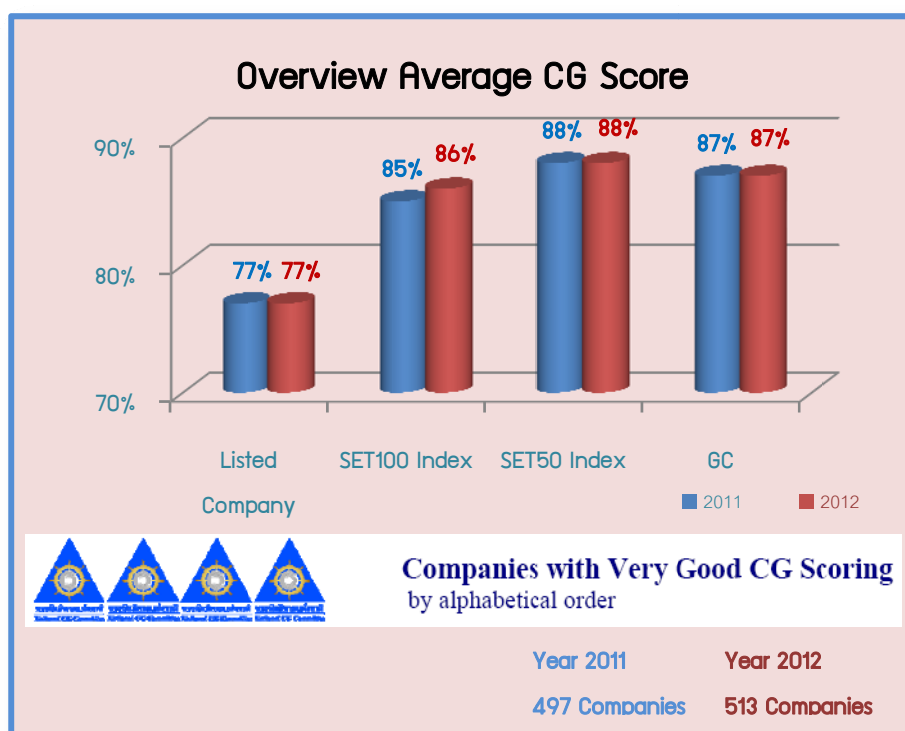
Major events in2012

The company has partnered with ExxonMobil Chemical in the product technology and manufacturing techniques training for our customer on Wednesday ,December 12th, 2012.



Certified by the third party agency.

The Company has evaluated the Corporate Governance (CG) for the year 2012 by the Third Party, Thai IOD



GRI Content Index

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EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	80
Environmental		
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EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	85-87
EN13	Habitats protected or restored.	88-89
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EN26	Total workforce by employment type, employment contract, and region, broken down by gender.	80-81

Profile Disclosure	Description	Page/ Cross-reference
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Product and service labeling		
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	83-84

Related Company / Person	Description of Relations	Description of Transactions	Size of 2011 Transactions	Size of 2012 Transactions	Necessaries and Reasons of Transactions
Integrity Plastics Co.,Ltd	Mr. Nisaporn Sirijantannunt (wife of Mr.Aikachai Sirichantanunt, the major shareholder and director of the GC Company) was the major shareholder and director of the Integrity Plastics Company.	Trade the instant petrochemical products, on the date of 31st December 2011 and 2012 has the sum of the debts at 0.58 and 2.72 million Baht respectively	9.68	16.79	There were normal businesses and transactions of the GC Company with its customers. Therefore, the Audit Committee found that they were normal businesses and transactions of GC Company and they were in relation with the related market prices
		Trade the instant petrochemical products, on the date of 31st December 2011 and 2012 has the sum of the debts at 0.00 and 1.09 million Baht respectively	0.00	13.51	The Company is necessary to hire Integrity Plastics Co.,Ltd, who compound the products and keep secret formula to respond customer's satisfaction. Integrity Plastics Co.,Ltd. purchase raw material with the related market prices from GC Company and it will be sold back to the GC Company with costs of raw material and mixture. Therefore, the Audit Committee found that they were normal businesses and transactions of GC Company and they were in relation with the related market prices.
		31st December 2011 and 2012 has the sum of the debts at 0.00 and 5.25 million Baht respectively	0.00	16.78	Supplier's policy is sold in some product to converter only without agency therefore; the Company procures from Integrity Plastics Co.,Ltd who is converter and sell product to the Company with cost plus margin to response customers' needs. the Audit Committee found that they were normal businesses and transactions of GC Company and they were in relation with the related market prices.

Related Company / Person	Description of Relations	Description of Transactions	Size of 2011Trans actions	Size of 2012Trans actions	Necessaries and Reasons of Transactions
New Modern SuperpackCo.,Ltd.	Mr. Wichan Nanthananonchai, The major share holder of New modern is an elder brother of Ms. Boonsri Kuleemakin (shareholder of 100 shares) who is a wife of Mr.Somchai Kulimakin's (major shareholder and director of the GC Company) and also be director of New Modern Company	Trade the instant petrochemical products, on the date of 31st December 2011 and 2012 has the sum of the debts at 2.03 and0.71 million Baht respectively	7.77	24.00	There were normal businesses and transactions of the GC Company with its customers. Therefore, the Audit Committee found that they were normal businesses and transactions of GC companyand they were in relation with the market related prices.
21 Construction Co.,Ltd	Mr. Hook Tichachol, the elder brother of Mr. Sumruay Tichachol which is the major shareholder and director of the GC Company, is the major and director of 21 Construction Company.	Payment for the building and warehouse's construction	0.02	0.00	Due to 21 Construction Co., Ltd was the constructor of the GC company's warehouse and office. Later, the land surface around warehouse got the problem therefore the GC company was hire the mentioned company to fix the problem. Therefore, the Audit Committee considered and found that they were normal businesses and those transactions were in relation with the contracts and reasonable.
GC company's directors who is Mr. Siri Thirawattanawong	Company's directors	Sell car in the position to all directors and executives which had set in rule of the Company since 2006	0.00	1.15	The Audit Committee found that they were normal transactions of GC company and they were in rule of the Company.

Analysis of Overall Performance

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

Sales revenue

The Company had total sales revenue of Baht 3,700 million in 2012, decreased Baht 86 million from last year or equivalent to 2.28%. The sales value of Commodity Polymer business unit was reduced by 15.53%. The sales value of Specialty and Engineering Polymer business unit was increased by 20.33%. And the sales value of Specialty Chemicals business unit was also increased by 96.78%. The 2.28% decrease in total sales revenue was the impact of changing in distributorship of Commodity Polymer business unit's main supplier with effective from mid of 2012 onward.

Financial Operating Results

In 2012, total cost of sales and operating expenses were Baht 3,591 million, decreased by Baht 73 million from last year or equivalent to 1.99%. Our major expense was costs of goods sold, a decrease of Baht 65 million or 1.83% from last year which was in line with sales decline rate. The costs of goods sold compared to sales value was a little bit higher from 93.27 to 93.69% in 2012.

The gross profit margin in 2012 was decreased from Baht 255 million to be Baht 233 million or equivalent to 8.46%. This was due mainly to the decrease in sales volume of Commodity Polymer business unit as described above as well as the dropping in gross profit margin from 6.73% to be 6.31% derived from higher competition.

GC incurred Baht 125 million in selling and administrative expenses, a decrease of Baht 8 million, or 6.08% from last year. The main reasons were the cost of joining exhibition event amounting to Baht 3 million, the allowance for diminution in value of inventory amounting to Baht 2 million as well as the loss in exchange rate of Baht 7 million in 2011 whereas it was a gain of Baht 5 million in 2012 which included in Other Income. In addition, there was a reversal of allowance for diminution in value of inventory amounting to Baht 2 million in 2012 as well. However, there was an increase in personnel expenses amounting to Baht 5 million due to both annual salary adjustment and the additional number of staff.

Interest expenses in 2012 was Baht 19 million, or 48.00% higher than last year's. This was due the rise in short term loan requirement during the year resulting from the increase in both accounts receivable and inventories during the year.

The corporate income tax rate was decreased from 30.00% in 2011 to be 23.00% in 2012. This was in accordance with the Royal Degree regarding corporate income tax reduction.

As a result of the discussed factors, our net income was Baht 78 million in 2012 versus Baht 80 million in 2011 or equivalent to 3.46% decreased.

Comparison of Financial Position (FY2012/2011)

Assets : As of 31 December 2012, GC recorded total assets of Baht 1,125 million, representing an increase of Baht 13 million from last year. This was mainly due to the increase in inventories while the trade accounts receivable was lower. The assets with major changed were as follows :

As of 31 December 2012 total current assets showed Baht 983 million, an increase of Baht 13 million or 1.33% increased from last year. This was mainly due to the increase in inventories of Baht 94 million from Baht 359 million in 2011 to be Baht 452 million in 2012 resulting from higher inventory purchased volume especially the imported items.

While trade accounts receivable showed Baht 481 million as of 31 December 2012, a decrease of Baht 86 million or 15.11% decreased from last year. This was due to the drop of sales volume during the third and fourth quarter of this year as well as our better receivables management and control.

Liabilities : As of 31 December 2012, GC recorded total liabilities of Baht 726 million, an increase of Baht 1 million or 0.19% increased from the previous year. The major liabilities was short-term loans from financial institutions and trade accounts payable. The ending 2012 balance of short-term loan was Baht 505 million versus 466 million as of 2011 or equivalent to 8.27% increased resulting from the rise in short term loan requirement during the year. And the Debts to Equity Ratio of 2012 was 1.82 times compared to 1.87 times of 2011, which was not much different.

Sources of Funds : The structure of GC's funds in 2012 was not much different from those of 2011 as they were in term of short-term liabilities. The major liabilities were short-term loans from financial institutions, bank overdrafts, and trade accounts payable.

Shareholders' Equity : As of 31 December 2012, the portion of shareholders' equity amounted to Baht 400 million, an increase of Baht 12 million, or 3.00%, derived from net profit from operations of fiscal year 2012 Baht 78 million deducted dividend paid out Baht 66 million.

Liquidity : In 2012 GC had better liquidity. Since after listed, GC had good fund from the IPO proceeds at the end of 2005 and the working capital from deposits redemption at the beginning of 2006. This caused a better working capital management to reduce the cost of fund.

In 2012 GC had a current ratio at 1.38 times compared to 1.37 times in 2011. The key factor was the increase in inventories.

15 *Audit Committee's Report*


To : The Shareholders

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

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

For the year 2012, the Audit Committee had independently accomplished their assigned tasks with no limitations in gathering the Company's information in any aspects. The Audit Committee had organized totally 5 meetings with concerned management, these meetings included external auditor 4 meetings. The main important issues can be summarized as follows:

1. The Audit Committee considered the reviewed quarterly financial statement and the audited financial statement for the year 2012 with external auditor. The Audit Committee believed that the Company's financial report was made in accordance with Generally Accepted Accounting Principles and the disclosure of information was sufficient, complete and reliable. Moreover, the Audit Committee believed that the external auditor fulfill their duties with suitable and comply with professional accounting standard.
2. The Audit Committee appointed and approved internal audit plan for the year 2013. The Audit Committee believed that the plan was appropriate by covering all significant operating activities and significant risks affected the Company business in accordance with the Company's risk assessment which the Audit Committee had reviewed and agreed with.

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3. The Audit Committee reviewed internal audit activities to comply with the approved internal audit plan. And also discussed independently with internal auditors to obtain information, inquire and provide valuable notices and suggestions, including follow up the correction of significant issues as reported in the internal audit report. The Audit Committee believed that the Company provides appropriate internal audit system.
 4. The Audit Committee reviewed internal control system and provided valuable suggestions regarding internal control system and any risks which the Company may encounter. The Audit Committee believed that the Company has adequate internal control system in order to protect or reduce any significant risks which may occur, including the control is operating effectively.
 5. The Audit Committee reviewed the Company's compliance with legislature of the SEC and the regulations of the SET and laws relating to the Company's business. The Audit Committee believed that the Company comply with related laws and regulations and no found any significant violation.
 6. The Audit Committee reviewed the connected transactions or the transactions that may lead to conflicts of interests, including the disclosure of certain transactions. The Audit Committee believed that certain transactions are reasonable and comply with the Company's normal operating business, including the disclosure are adequate in accordance with the regulations of the SET.



7. The Audit Committee considered remuneration of auditor. The Audit Committee proposed the Board of Directors for further requesting the Shareholder's approval, following its review of the performance, independence, qualification that have approved by the Securities and Exchange Commission, for appointing Ernst & Young Office Limited, also recognized either of Khun Tippawan Nananuwat, C.P.A registration number 3459, and/or Khun Termphong Opanaphan, C.P.A. registration number 4501, and/or Khun Khitsada Lerdwana, C.P.A. registration number 4958, have been approved license by the Securities and Exchange Commission Thailand, to be the Company's Auditor for another period of the fiscal year ended 31 December 2013.

On the whole, the Audit Committee has fulfilled the obligations as stipulated in the Company's Board of Directors' approved Audit Committee Charter. The Audit Committee believed that the Company has an accurate financial and operation report, an appropriate internal control system, compliance of laws, regulations and commitments, accurate disclosure of related transactions. In this regard, the Company has managed and operation that is consistent with adequate, transparent and credible corporate governance, and with an ongoing operating system development plan for quality enhancement appropriate for its environment.

(Dr. Pisit Leeahtam)

Chairman of Audit Committee

Global Connections Public Company

Statement of Board of Directors Responsible for The Financial Statement

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

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

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

The Board of Directors is of the opinion that the overall internal control systems of the Company can be regarded as "satisfying". Therefore, the Board is confident that the Company's financial statement as of 31st December 2012 reliable and is audited in line with the universally accepted auditing standards by the company's auditor; so it reflects an accurate financial status and operational results of the Company as required by most accounting standards that are generally accepted.



(Mr. Virah Mavichak)

Chairman of The Board



(Somchai Kulimakin)

Chairman of Executive Committee



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Financial Statement Year 2012

Global Connections Public Company Limited

Report and financial statements

31 December 2012



Independent Auditor's Report

To the Shareholders of Global Connections Public Company Limited

I have audited the accompanying financial statements of Global Connections Public Company Limited, which comprise the statement of financial position as at 31 December 2012, and the related statement of comprehensive income, changes in shareholders' equity and cash flow for the year then ended, and a 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 Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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



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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Connections Public Company Limited as at 31 December 2012, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

Ernst & Young Office Limited

Bangkok : 22 February 2013

Global Connections Public Company Limited

Statement of financial position

As at 31 December 2012

(Unit : Baht)

	Note	2012	2011
Assets			
Current assets			
Cash and cash equivalents	7	42,462,585	41,387,393
Trade and other receivables	6, 8	481,259,793	567,145,463
Inventories	9	452,202,112	358,539,091
Other current assets	6	7,011,447	2,967,537
Total current assets		982,935,937	970,039,484
Non-current assets			
Investment properties	10	4,774,059	5,283,382
Property, plant and equipment	11	131,571,471	136,868,893
Other non-current assets		6,140,176	203,095
Total non-current assets		142,485,706	142,355,370
Total assets		1,125,421,643	1,112,394,854

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

Global Connections Public Company Limited
Statement of financial position (continued)
As at 31 December 2012

(Unit : Baht)

	Note	2012	2011
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	12	505,000,000	466,414,343
Trade and other payables	6, 13	194,410,616	226,032,220
Current portion of liabilities under finance lease agreements	14	2,238,363	2,080,496
Income tax payable		8,352,393	10,712,290
Other current liabilities		1,409,202	1,660,285
Total current liabilities		711,410,574	706,899,634
Non-current liabilities			
Liabilities under finance lease agreements – net of current portion	14	3,801,712	3,037,461
Provision for long-term employee benefits	15	10,728,610	14,624,510
Total non-current liabilities		14,530,322	17,661,971
Total liabilities		725,940,896	724,561,605

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

Global Connections Public Company Limited

Statement of financial position (continued)

As at 31 December 2012

(Unit : Baht)

	Note	2012	2011
Shareholders' equity			
Share capital			
Registered			
260,000,000 ordinary shares of Baht 1 each			
(2011: 200,000,000 ordinary shares of Baht 1 each)	16	<u>260,000,000</u>	<u>200,000,000</u>
Issued and fully paid up			
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000
Share premium		56,034,035	56,034,035
Retained earnings			
Appropriated – statutory reserve	17	24,000,000	20,000,000
Unappropriated		119,446,712	111,799,214
Total shareholders' equity		399,480,747	387,833,249
Total liabilities and shareholders' equity		1,125,421,643	1,112,394,854

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

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Directors

Global Connections Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2012

(Unit : Baht)

	Note	2012	2011
Profit or loss :			
Revenues			
Sales		3,699,903,811	3,786,146,215
Other income		10,557,824	6,704,007
Total revenues		3,710,461,635	3,792,850,222
Expenses			
Cost of sales		3,466,516,106	3,531,183,132
Reduction of inventory to net realisable value (Reversal)		(2,000,000)	2,000,000
		3,464,516,106	3,533,183,132
Selling expenses		26,547,030	27,000,074
Administrative expenses		100,234,082	103,854,531
Total expenses		3,591,297,218	3,664,037,737
Profit before finance cost and income tax expenses		119,164,417	128,812,485
Finance cost		(19,404,431)	(13,110,868)
Profit before income tax expenses		99,759,986	115,701,617
Income tax expenses		(22,112,488)	(35,268,833)
Profit for the year		77,647,498	80,432,784
Other comprehensive income for the year		-	-
Total comprehensive income for the year		77,647,498	80,432,784
Earnings per share	19		
Basic earnings per share		0.39	0.40

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

Global Connections Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2012

(Unit : Baht)

	Note	Issued and fully paid up ordinary shares	Share premium	Retained earnings		Total
				Appropriated – statutory reserve	Unappropriated	
Balance as at 1 January 2011		200,000,000	56,034,035	20,000,000	131,366,430	407,400,465
Dividend paid	22	-	-	-	(52,000,000)	(52,000,000)
Interim dividend paid	22	-	-	-	(48,000,000)	(48,000,000)
Total comprehensive income for the year		-	-	-	80,432,784	80,432,784
Balance as at 31 December 2011		200,000,000	56,034,035	20,000,000	111,799,214	387,833,249
Balance as at 1 January 2012		200,000,000	56,034,035	20,000,000	111,799,214	387,833,249
Transfer of retained earnings to statutory reserve	17	-	-	4,000,000	(4,000,000)	-
Dividend paid	22	-	-	-	(32,000,000)	(32,000,000)
Interim dividend paid	22	-	-	-	(34,000,000)	(34,000,000)
Total comprehensive income for the year		-	-	-	77,647,498	77,647,498
Balance as at 31 December 2012		200,000,000	56,034,035	24,000,000	119,446,712	399,480,747

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

Global Connections Public Company Limited
Cash flow statement
For the year ended 31 December 2012

(Unit : Baht)

	2012	2011
Cash flows from operating activities		
Profit before tax	99,759,986	115,701,617
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities :-		
Depreciation	14,032,617	13,942,019
Reversal of allowance for doubtful accounts	-	(5,000,000)
Write-off for bad debts	-	3,087,685
Reduction of inventory to net realisable value (Reversal)	(2,000,000)	2,000,000
Gain on sales of motor vehicles and equipment	(1,130,020)	(320,694)
Loss on write-off of equipment	14,137	-
Unrealised (gain) loss on exchange	(27,023)	5,060,542
Long-term employee benefit expenses	3,000,000	2,600,000
Interest expenses	19,404,431	13,110,868
Profit from operating activities before changes in operating assets and liabilities	133,054,128	150,182,037
Operating assets (increase) decrease		
Trade and other receivables	85,885,670	(56,560,707)
Inventories	(91,663,021)	(35,455,554)
Other current assets	(4,043,909)	3,034,317
Other non-current assets	10,595	(17,095)
Operating liabilities increase (decrease)		
Trade and other payables	(31,382,711)	6,263,743
Other current liabilities	(251,083)	(519,431)
Provision for long-term employee benefits	(6,895,900)	-
Cash flow from operating activities	84,713,769	66,927,310
Cash paid for interest expenses	(19,248,019)	(12,341,397)
Cash paid for corporate income tax	(24,472,385)	(43,670,424)
Net cash flows from operating activities	40,993,365	10,915,489

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

Global Connections Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit : Baht)

	2012	2011
Cash flows from investing activities		
Acquisition of motor vehicles and equipment	(3,995,543)	(4,530,384)
Proceeds from sales of motor vehicles and equipment	1,424,657	320,744
Advance payment for computer software	(5,947,676)	-
Net cash flows used in investing activities	(8,518,562)	(4,209,640)
Cash flows from financing activities		
Increase in short-term loans from financial institutions	38,585,656	111,641,834
Cash paid for liabilities under finance lease agreements	(3,985,267)	(3,354,754)
Dividend paid	(32,000,000)	(52,000,000)
Interim dividend paid	(34,000,000)	(48,000,000)
Net cash flows from (use in) financing activities	(31,399,611)	8,287,080
Net increase in cash and cash equivalents	1,075,192	14,992,929
Cash and cash equivalents at beginning of year	41,387,393	26,394,464
Cash and cash equivalents at end of year	42,462,585	41,387,393
Supplemental cash flows information :-		
Non-cash transactions		
Motor vehicles purchased under finance lease agreements	4,539,103	-

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

Global Connections Public Company Limited

Notes to financial statements

For the year ended 31 December 2012

1. Corporate information

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

2. Basis of preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards :

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

Financial Reporting Standard :

TFRS 8	Operating Segments
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Accounting Standard Interpretations :

SIC 10	Government Assistance – No Specific Relation to Operating Activities
SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

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

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The effect of the adoption to the financial statements of the Company will be to increase retained earnings as at 1 January 2012 by Baht 5.1 million (0.026 Baht per share) and decrease profit for the year 2012 by Baht 1.4 million (0.007 Baht per share).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 – 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

Effective date

Accounting Treatment Guidance for Transfers of Financial Assets 1 January 2013

Accounting Standard Interpretation:

SIC 29 Service Concession Arrangements: Disclosures 1 January 2014

Financial Reporting Standard Interpretations:

TFRIC 4 Determining whether an Arrangement contains a Lease 1 January 2014

TFRIC 12 Service Concession Arrangements 1 January 2014

TFRIC 13 Customer Loyalty Programmes 1 January 2014

The management of the Company is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

4.5 Investment properties

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

Depreciation of investment properties is calculated by reference to the cost of buildings on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.6 Property, plant and equipment and depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and land improvements.

4.7 Related party transactions

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

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

4.8 Long-term leases

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

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

4.9 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

4.12 Provisions

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

4.13 Income tax

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Reduction of inventory to net realisable value

In determining a reduction of inventory to net realisable value, the management needs to make judgement and estimates based upon, among other things, slow-moving inventories and net realisable value.

Property plant and equipment/Depreciation

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

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit : Million Baht)

	2012	2011	Transfer pricing policy
<i><u>Transactions with related companies</u></i>			
Sales of finished goods	41	17	Similar to market price
Purchases of finished goods	30	–	Cost plus margin
<i><u>Transactions with management and directors</u></i>			
Sales of assets	1	–	At a rate set in the Company's regulation

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties are as follows :

(Unit : Thousand Baht)

	2012	2011
<i><u>Trade and other receivables - related parties (Note 8)</u></i>		
Integrity Plastics Company Limited	2,721	579
New Modern Super Pack Company Limited	714	2,030
Total	3,435	2,609
<i><u>Advance payment for goods - related party</u></i> <i><u>(Included in other current assets)</u></i>		
Integrity Plastics Company Limited	5,251	-
Total	5,251	-
<i><u>Trade payables - related party (Note 13)</u></i>		
Integrity Plastics Company Limited	1,087	-
Total	1,087	-

Directors and management's benefits

Management benefit expenses are benefits paid to directors and executives of the Company. Executives of the Company are as defined by the regulation of the Securities and Exchange Commission and comprise all directors, the managing director, the four most senior executives below the managing director, and all executives holding equivalent positions to the fourth most senior executive.

During the year ended 31 December 2012 and 2011, the Company had employee benefit expenses of its directors and management as below.

(Unit : Thousand Baht)

	2012	2011
Short-term employee benefits	36,100	38,357
Post-employment benefits	2,432	2,032
Total	38,532	40,389

7. Cash and cash equivalents

(Unit : Thousand Baht)

	2012	2011
Cash	60	60
Bank deposits	42,403	41,327
Total	42,463	41,387

As at 31 December 2012, bank deposits in saving accounts carried interests between 0.05 and 0.10 percent per annum (2011: between 0.05 and 0.10 percent per annum).

8. Trade and other receivables

(Unit : Thousand Baht)

	2012	2011
Trade receivables – unrelated parties		
Aged on the basis of due dates		
Not yet due	333,415	418,336
Past due		
Up to 1 month	131,781	131,606
1 – 3 months	10,804	14,154
3 – 6 months	1,999	23
6 – 12 months	–	–
Over 12 months	6,451	6,744
Total	484,450	570,863
Less: Allowance for doubtful accounts	(7,000)	(7,000)
Total trade receivables – unrelated parties, net	477,450	563,863

(Unit : Thousand Baht)

	2012	2011
Trade receivables – related parties		
Aged on the basis of due dates		
Not yet due	2,721	579
Past due		
Up to 1 month	–	1,364
1 – 3 months	714	666
Total trade receivables – related parties	3,435	2,609
Total trade receivables, net	480,885	566,472
Other receivables – unrelated parties		
	375	674
Total trade and other receivables, net	481,260	567,146

9. Inventories

(Unit : Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	407,601	325,880	(8,000)	(10,000)	399,601	315,880
Goods in transit	52,601	42,659	–	–	52,601	42,659
Total	460,202	368,539	(8,000)	(10,000)	452,202	358,539

10. Investment properties

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

The net book value of investment properties as at 31 December 2012 and 2011 is presented below.

(Unit : Thousand Baht)

	2012	2011
Cost	12,140	12,140
Less: Accumulated depreciation	(7,366)	(6,857)
Net book value	4,774	5,283

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

(Unit : Thousand Baht)

	2012	2011
Net book value at beginning of year	5,283	5,791
Depreciation charged	(509)	(508)
Net book value at end of year	4,774	5,283

As at 31 December 2012 and 2011, the fair value of investment properties is approximately Baht 6.4 million which has been determined based on valuations performed by an independent professional valuer, using the market approach.

11. Property, plant and equipment

(Unit : Thousand Baht)

	Land and land improve ments	Buildings	Office equipment, furniture and fixtures	Tools and equipment	Motor vehicles	Total
Cost :						
1 January 2011	52,715	93,740	12,092	7,511	40,822	206,880
Additions	-	-	2,032	2,498	-	4,530
Disposals/write-off	-	-	(934)	-	(1,024)	(1,958)
31 December 2011	52,715	93,740	13,190	10,009	39,798	209,452
Additions	-	-	2,634	1,362	4,539	8,535
Disposals/write-off	-	-	(57)	-	(5,147)	(5,204)
31 December 2012	52,715	93,740	15,767	11,371	39,190	212,783

(Unit : Thousand Baht)

	Land and land improve ments	Buildings	Office equipment, furniture and fixtures	Tools and equipment	Motor vehicles	Total
Accumulated depreciation :						
1 January 2011	-	25,916	9,761	5,692	19,738	61,107
Depreciation for the year	-	3,593	1,518	1,074	7,249	13,434
Depreciation on disposals/write-off	-	-	(934)	-	(1,024)	(1,958)
31 December 2011	-	29,509	10,345	6,766	25,963	72,583
Depreciation for the year	-	3,602	2,004	1,220	6,698	13,524
Depreciation on disposals/write-off	-	-	(43)	-	(4,853)	(4,896)
31 December 2012	-	33,111	12,306	7,986	27,808	81,211
Net book value :						
1 January 2011	52,715	67,824	2,331	1,819	21,084	145,773
31 December 2011	52,715	64,231	2,845	3,243	13,835	136,869
31 December 2012	52,715	60,629	3,461	3,385	11,382	131,572
Depreciation for the year :						
2011 (included in selling and administrative expenses)						13,434
2012 (included in selling and administrative expenses)						13,524

As at 31 December 2012, the Company has motor vehicles under finance lease agreements with net book value amounting to approximately Baht 8 million (2011 : Baht 7 million).

As at 31 December 2012, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 26 million (2011 : Baht 14 million).

12. Short-term loans from financial institutions

(Unit : Thousand Baht)

	Interest rate		2012	2011
	2012	2011		
	(percent per annum)			
Promissory notes	Market rate	Market rate	505,000	330,000
Trust receipt payable	Market rate	Market rate	–	136,414
Total			505,000	466,414

As at 31 December 2012, the short-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,169 million (2011 : Baht 1,380 million).

13. Trade and other payables

(Unit : Thousand Baht)

	2012	2011
Trade payables – unrelated parties	183,453	212,777
Trade payables – related parties	1,087	–
Accrued expenses	9,871	13,255
Total trade and other payables	194,411	226,032

14. Liabilities under finance lease agreements

(Unit : Thousand Baht)

	2012	2011
Liabilities under finance lease agreements	6,691	5,578
Less : Deferred interest expenses	(651)	(460)
Total	6,040	5,118
Less : Portion due within one year	(2,238)	(2,081)
Liabilities under finance lease agreements – net of current portion	3,802	3,037

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows :-

(Unit : Thousand Baht)

	As at 31 December 2012		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	2,551	4,140	6,691
Deferred interest expenses	(313)	(338)	(651)
Present value of future minimum lease payments	2,238	3,802	6,040

(Unit : Thousand Baht)

	As at 31 December 2011		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	2,331	3,247	5,578
Deferred interest expenses	(250)	(210)	(460)
Present value of future minimum lease payments	2,081	3,037	5,118

15. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows :

(Unit : Thousand Baht)

	2012	2011
Defined benefit obligation at beginning of year	14,625	12,025
Current service cost	2,408	2,100
Interest cost	592	500
Benefits paid during the year	(6,896)	-
Defined benefit obligation at end of year	10,729	14,625

Long-term employee benefit expenses included in the profit or loss was as follows :

(Unit : Thousand Baht)

	2012	2011
Current service cost	2,408	2,100
Interest cost	592	500
Total expense recognised in profit or loss	3,000	2,600
Line items under which such expenses are included in profit or loss		
Selling expenses	137	137
Administrative expenses	2,863	2,463

Principal actuarial assumptions at the valuation date were as follows :

	2012 (% per annum)	2011 (% per annum)
Discount rate	3.5	3.5
Future salary increase rate	3.0 - 6.0	3.0 - 6.0

16. Share capital

On 3 April 2012, the Annual General Meeting of the Company's shareholders passed a resolution to increase the Company's registered capital under a General Mandate from Baht 200 million to Baht 260 million, through the issuance of 60 million additional ordinary shares with a par value of Baht 1 each, to offer to the existing shareholders proportionately to the number of shares currently held by each shareholder and authorise the Board of Directors to consider and determine the price, details and conditions of the issuance of the additional share capital. The Company registered the increase in its capital with the Ministry of Commerce on 12 April 2012.

17. Statutory reserve

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

18. Expenses by nature

Significant expenses by nature are as follow :

	(Unit : Thousand Baht)	
	2012	2011
Salaries and wages and other employee benefits	80,511	75,294
Depreciation	14,033	13,942
Rental expenses from operating lease agreements	5,646	6,493
Purchase of inventories	3,483,219	3,504,832
Custom duty and clearing expenses	47,690	40,372
Changes in inventories of finished goods	(81,721)	(30,584)

19. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share :

	2012	2011
Profit for the year (Thousand Baht)	77,648	80,433
Weighted average number of ordinary shares (Thousand shares)	200,000	200,000
Earnings per share (Baht/share)	0.39	0.40

20. Segment information

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

21. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 4 to 15 percent of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company contributed Baht 5 million (2011: Baht 5 million) to the fund.

22. Dividend paid

Dividend declared in 2012 and 2011 and already recorded consist of the followings :-

(Unit : Baht)

Dividends	Approved by	Total dividends	Dividend per share
Dividends for 2011	Annual General Meeting of the shareholders on 3 April 2012	32,000,000	0.16
Interim dividends for 2012	A Meeting of the Company's Board of Directors on 7 August 2012	34,000,000	0.17
Total for 2012		66,000,000	0.33
Dividends for 2010	Annual General Meeting of the shareholders on 7 April 2011	52,000,000	0.26
Interim dividends for 2011	A Meeting of the Company's Board of Directors on 11 August 2011	48,000,000	0.24
Total for 2011		100,000,000	0.50

23. Commitments and contingent liabilities

23.1 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of warehouse and equipment. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments under these lease agreements were as follows.

(Unit : Million Baht)

	As at 31 December	
	2012	2011
Payable:		
in up to 1 year	8	5
in over 1 and up to 4 years	6	1

23.2 A commitment under trade credit insurance policy

The Company has entered into a commitment under trade credit insurance policy with an insurance company in which the Company is to pay the minimum insurance premium amounting to approximately Baht 1 million in 2013.

23.3 Guarantees

As at 31 December 2012, there were outstanding bank guarantees of approximately Baht 88 million (2011: Baht 72 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These are letters of guarantee to guarantee payments due to creditors.

23.4 Letter of credit

As at 31 December 2012, the Company had outstanding commitments of approximately USD 48,148 (2011: USD 72,900) from the letters of credit issued to guarantee the payments of goods of a creditor.

24. Financial instruments

24.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur.

As at 31 December 2012, the Company's foreign currency-denominated trade accounts payable amounting to approximately USD 3 million (2011: USD 5 million) was unhedged.

24.2 Fair values of financial instruments

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

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

25. Capital management

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

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2012, the Company's debt-to-equity ratio was 1.82:1 (2011: 1.87:1).

26. Events after the reporting period

On 22 February 2013, the Board of Directors passed a resolution proposing the Annual General Meeting of the shareholders to approve the dividend payment and reduction of the Company's registered share capital as follows.

26.1 To pay dividends in respect of the 2012 earnings at the rate of Baht 0.36 per share, or a total of Baht 72 million. In September 2012, the Company paid interim dividend at the rate of Baht 0.17 per share, or a total of Baht 34 million. The Company has to pay the remaining dividend of Baht 38 million, or Baht 0.19 per share.

26.2 To reduce the Company's registered share capital from Baht 260 million to Baht 200 million by canceling 60 million unissued ordinary shares with a par value of Baht 1 each, or a total of Baht 60 million, which is the same amount as the share capital increase approved by the 2012 Annual General Meeting of the shareholders under a General Mandate as described in Note 16 to the financial statements.



27. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2013.





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