

SITHAI-0201/58

February 27, 2015

Subject : Explanation on Financial Statements of the Year Ended of 2014

Dear : President

The Stock Exchange of Thailand

We refer to our financial statements of the year ended 2014 as audited by the auditor, considered by the Audit Committee, and approved by the Board of Directors on February 27, 2015, comparing with the financial statements of last year already submitted to you.

The explanations of our performance are as follows:-

1. OVERVIEW : Operating Results for the Company and Subsidiaries

In the year of 2014, sales of the Company and subsidiaries increased by 3.76% whereas gross profit ratio decreased from 19.59% to 19.18% of sales against last year. The Group had net profit for the period amounting to Baht 487.48 million, attributable to owners of the parent of Baht 470.06 million, a decrease by Baht 16.92 million or 3.47% from the previous year. Earnings per share was Baht 0.17, lower than being Baht 0.18 in last year.

Non-recurring item affecting the financial statements of this year was the change in the par value from Baht 10.00 per share to Baht 1.00 per share and change in the number of issued and paid-up shares from 270,990,480 shares to 2,709,904,800 shares without change in capital value. The changes were registered with the Ministry of Commerce on May 8, 2014.

Table 1 Operating results at a glance

Consolidated financial information (partial)

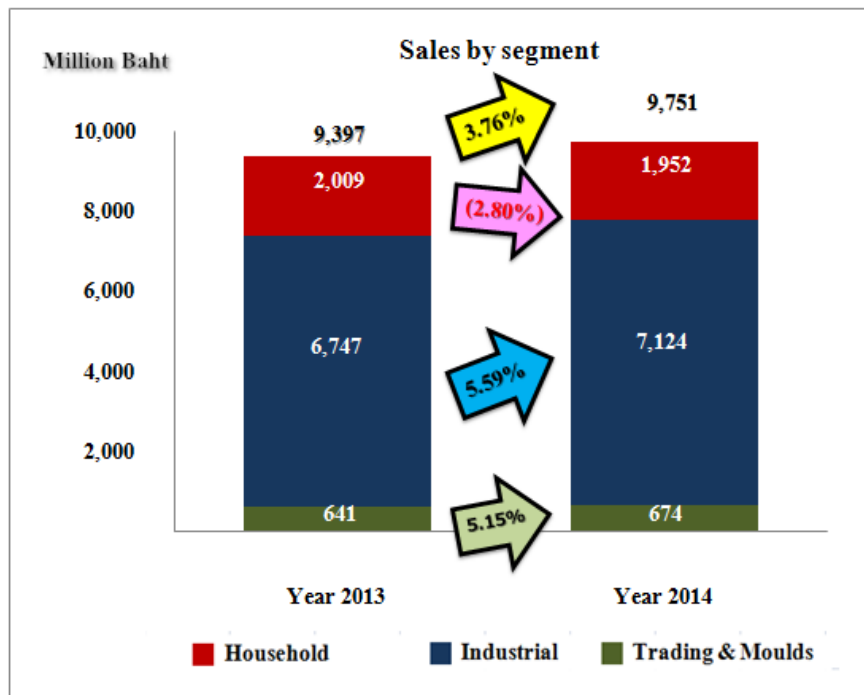
Unit : Million Baht

| Description | Year 2014 | Year 2013 | Changes from Year 2013 | |
|---|-----------|-----------|------------------------|---------|
| | | | Amount Inc (Dec) | % +(-) |
| Sales | 9,750.93 | 9,397.42 | 353.51 | 3.76% |
| Gross profit (%) | 19.18% | 19.59% | (0.41%) | (2.11%) |
| EBIT (Profit before interest and tax) | 707.30 | 738.32 | (31.02) | (4.20%) |
| Net profit attributable to owners of the parent | 470.06 | 486.97 | (16.92) | (3.47%) |
| % Net profit on sales | 4.82% | 5.18% | (0.36%) | (6.97%) |
| Earnings per share (Baht) | 0.17 | 0.18 | (0.01) | |

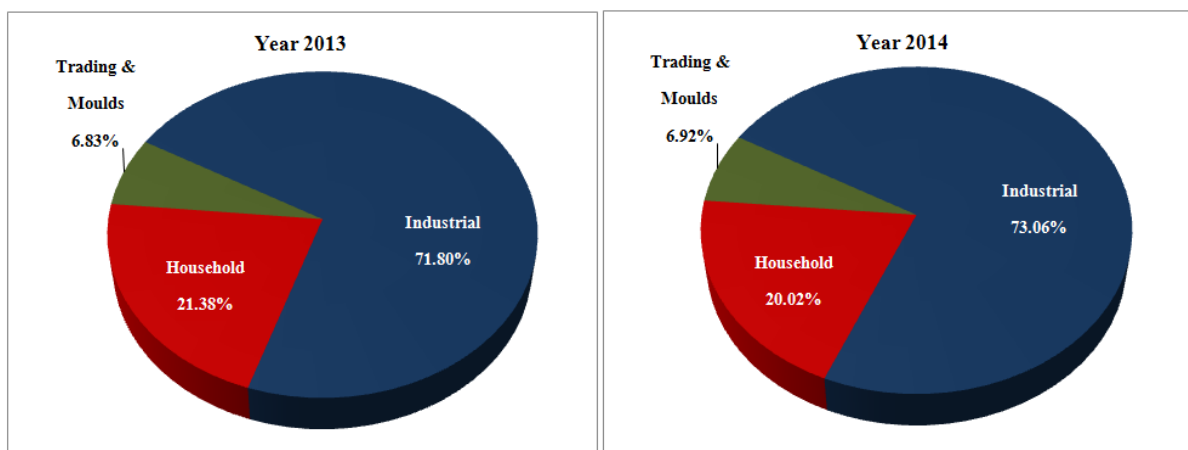
2. ANALYSIS: Financial operations in the year of 2014**2.1 Sales by segment****Table 2** Sales by segment (Consolidated)

Unit : Million Baht

| Description | Year 2014 | | Year 2013 | | Changes from Year 2013 | |
|----------------------------------|-----------|---------------|-----------|---------------|------------------------|---------|
| | Amount | % on sales | Amount | % on sales | Amount Inc (Dec) | % +(-) |
| Plastics Business Line | 9,076.43 | 93.08% | 8,755.94 | 93.17% | 320.50 | 3.66% |
| Household Products | 1,952.40 | 20.02% | 2,008.74 | 21.38% | (56.34) | (2.80%) |
| Domestic production | 1,863.26 | 19.11% | 1,944.39 | 20.69% | (81.13) | (4.17%) |
| Overseas production | 89.14 | 0.91% | 64.35 | 0.68% | 24.80 | 38.53% |
| Industrial Products | 7,124.03 | 73.06% | 6,747.20 | 71.80% | 376.83 | 5.59% |
| Domestic production | 5,829.47 | 59.78% | 5,676.14 | 60.40% | 153.33 | 2.70% |
| Overseas production | 1,294.56 | 13.28% | 1,071.06 | 11.40% | 223.50 | 20.87% |
| Trading and Moulds Business Line | 674.50 | 6.92% | 641.49 | 6.83% | 33.01 | 5.15% |
| Total | 9,750.93 | 100.00% | 9,397.42 | 100.00% | 353.50 | 3.76% |



Sales proportion by segment



Sales proportion of Plastics Business Line and Trading and Moulds Business Line of the year of 2014 were close to those of the year 2013. Plastics Business Line comprises Industrial Products and Household Products. Sales proportion of Industrial Products increased from 71.80% to 73.06% whereas

Household Products decreased from 21.38% to 20.02%. Sales of Trading and Moulds Business Line increased from 6.83% to 6.92%.

1) Household Products

Sales of Household Products of the year 2014 decreased by Baht 56.34 million, or 2.80% against the previous year due to the decrease in domestic sales of distributors channels and direct sales channels as a result of the local political unrest during the first half of the year. After having a new government in the 3rd quarter, the economy was more stable, the private investment started recovery in the 4th quarter, and budget disbursements relating to public sector investments were speeded up. However, domestic consumption showed only a slight upward trend because of high household debts, declining in agricultural commodities' prices, as well as our products being durable. These factors resulted in the sluggish in demand for the Company's products and purchasing power of local customers.

Export sales increased as compared to previous year from the major markets such as Europe, the United States of America, and Japan. The United States of America economy is expected to see strong growth thanks to an improved employment rate that should help boost household spending. Japan has also started to see signs of recovery since the sales tax increase took effect in the 2nd quarter. The Japanese government's push for the YEN depreciation has also contributed to the economic recovery in Japan. Meanwhile, the EU zone will likely continue to see an economic slowdown compared to the first half of this year. However, Europe is the high sales growth market of the Group. The Company has extended products to new markets such as Hotel, Restaurant and Catering ("HORECA") segment which focuses on quality and reliability of delivery. Melamine products are becoming more popular for the HORECA business sector because they are widely used as a substitute for glassware or ceramic ware (both of which tend to easily crack or break), have reasonable prices, and are able to be used with dishwashers. Also the Company has continuously launched newly designed melamine products. Moreover, since Thailand's Generalized System Preferences (GSP) status will be terminated early next year, many European buyers then piled up their inventories.

An overseas subsidiary, Srithai (Vietnam) Company Limited, has experienced soaring sales thanks to the focus on sales directly to customers instead of through distributors, and entering into new markets. In addition, buoyant economy in Vietnam raised consumer spending. The AEC market is the potential one with high purchasing power.

2) Industrial Products

Sales of Industrial Products increased by Baht 376.83 million, or 5.59% compared to the year 2013. The major increase was from sales of beverage packaging since the 2 major soft drink producers had fiercely launched sales promotion and marketing campaigns for World Cup Football in the year 2014.

Sales of food packaging products contracted slightly compared to last year and the Company could not have continuous production due to minimal growth of household consumption, Thai consumers' purchasing power not fully recovered, raw material problems of food producers, and illegal labor problem of fishing industry. Nevertheless, export sales of food packaging products using the IML (or In Mould Labeling) production technology has soared up owing to becoming more popular and widely accepted – especially in the Philippines, Indonesia and Vietnam.

Overall sales of Industrial Products other than Food and Beverage Packaging in this year decreased against last year especially during late of the year 2014 as prices of plastic resin, a major raw material, dropped according to price of world crude oil. Some customers delayed their orders waiting for lower price. Products with declining sales in the year of 2014 were bottle crates as our major customer already changed its whole production line in the year of 2013, battery cases from the impact of declining production of automotive industry, garbage bin and plastic furniture due to limited procurement budget from the government, and the Company's policy to reduce production and sales of OEM products. However, sales of pallets, container and take-away products increased as a result of the Company's strategies by having products co-designed and logistics co-developed with the customers.

An overseas subsidiary, Srithai (Vietnam) Company Limited, has soaring sales especially sales of beverage packaging products according to economic growth, higher consumer spending, and World Cup trend. Moreover, the movies cineplex business in Vietnam is expanding as foreign investors have invested in new malls/ department stores. Thus, sales of products relating to the movies cineplex business has a good growth potential, and has stimulated higher demand for food packaging products using the innovative IML (In Mould Labeling) manufacturing technology.

3) Trading and Moulds Business Line

Sales of Trading and Moulds Business Line of the year 2014 increased by Baht 33.01 million, or 5.15% compared to last year. The reason was mainly from increase in sales of Trading Business Line especially the network marketing business which has kept on expansion since 2013. The increase in demand for products related to agricultural and health care, thanks to the introduction of new products of these 2 groups in this year. Currently, the Company is the only seller in Thailand of agricultural care products for organic grass and weed killers, and its expansion of new distribution centers for agricultural care products has well-received and has continually grown. Recent start up of new foreign businesses activities in Malaysia and Singapore also helped generate ongoing sales increases for these products. Sales support campaigns for independent business entrepreneurs have driven the rapid expansion of the network marketing business as well as the increase in number of independent representatives, especially the young generation, which have enabled to push sales significantly.

Sales of Moulds Business Line decreased in line with declining in Thailand's automobiles industry resulting from:-

1. Ongoing slowdown in automotive sales following a turmoil economy;
2. Impact of the previous government's first-car policy which artificially drove up car demand and increased total household debts;
3. Fewer new models together with some 'minor changes' for new cars being launched this year resulting in less consumer's interests in buying new cars;

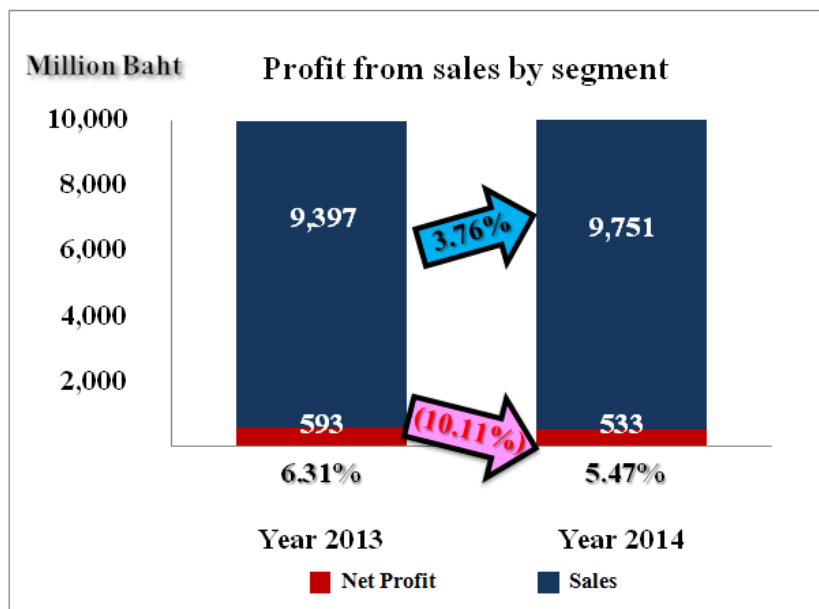
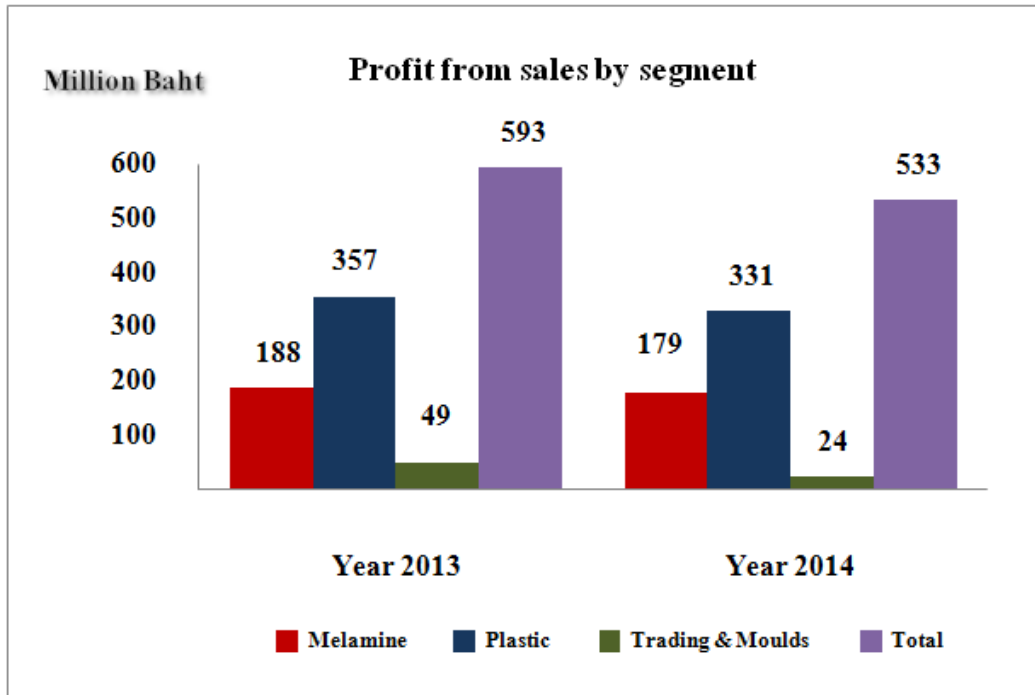
4. The Company's policy to cease production and sales of automotive component parts since the 2nd quarter of 2013.

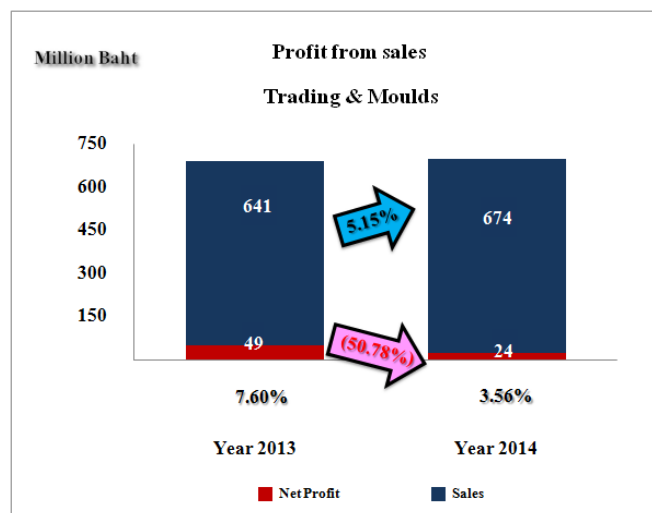
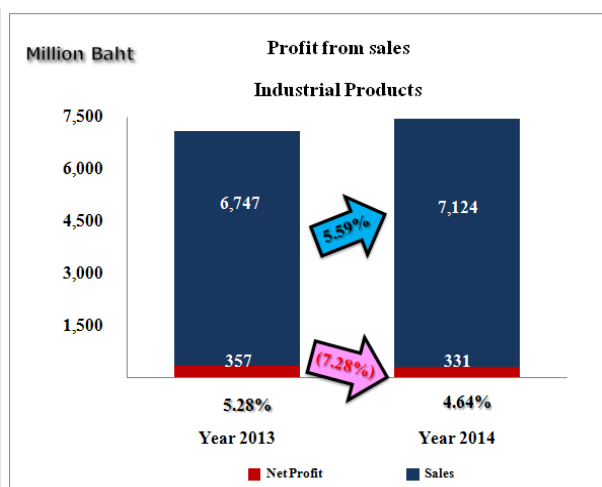
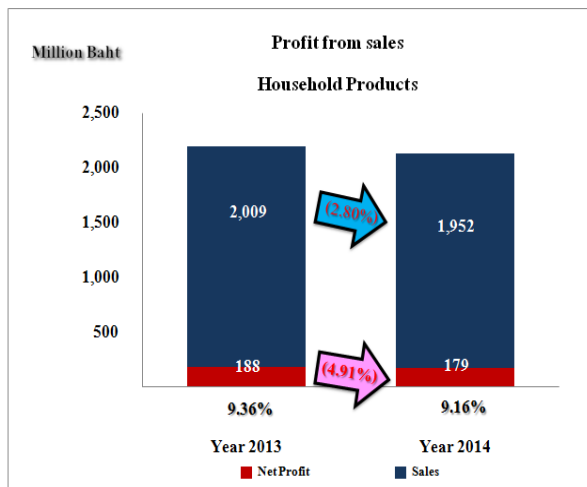
2.2 Profit from sales by segment

Table 3 Profit from sales by segment

Unit : Million Baht

| Description | Year 2014 | | Year 2013 | | Changes from Year 2013 | |
|---|---------------|--------------|---------------|--------------|------------------------|-----------------|
| | Amount | % on sales | Amount | % on sales | Amount Inc (Dec) | % +(-) |
| Profit from sales by segment | | | | | | |
| Plastic Business Line | 509.41 | 5.61% | 544.62 | 6.22% | (35.21) | (6.47%) |
| Household products | 178.82 | 9.16% | 188.07 | 9.36% | (9.24) | (4.91%) |
| Industrial products | 330.58 | 4.64% | 356.55 | 5.28% | (25.97) | (7.28%) |
| Trading and Moulds Business Line | 23.99 | 3.56% | 48.74 | 7.60% | (24.75) | (50.78%) |
| Total | 533.40 | 5.47% | 593.36 | 6.31% | (59.96) | (10.11%) |





Profit from sales by segment of the year 2014 decreased by Baht 59.96 million, or 10.11% compared to previous year:

1) Household Products

Profits from sales of Household Products dropped by 4.91% against previous year, whereby profit to sales ratio decreased from 9.36% to 9.16% due to decrease in sales portion of higher gross margin products of domestic sales. Declining purchasing power under sluggish economy forced consumers to control their spending. Production capacity was then not fully utilized, pushing unit cost of

production to increase. As export sales comprising mostly made-to-order products increased, gross margin ratio to sales tended to be lower.

2) Industrial Products

Profits from sales of Industrial Products dropped by 7.28% as compared to previous year. Profit to sales ratio was lower from 5.28% in previous year to 4.64% as sales proportion of high gross profit products decreased especially garbage bin, battery case, and pail. This was attributable to declining in purchasing power, delay of budget spending for mega projects, decreased sales of automotive parts of subsidiary from the downtrend of local car market, effect of first car policy, high household debts, and limited expansion of real estate business.

3) Trading and Moulds Business Line

Profits from sales of Trading and Moulds Business Line decreased by 50.78% against previous year. Profit to sales ratio was lower from 7.60% in previous year to 3.56% due to decrease in profit from Moulds Business Line of subsidiaries. The result of which came from downtrend of local car market and the Company's policy to reduce production and sales of OEM products.

2.3 Selling and administrative expenses

Table 4 Selling and administrative expenses

unit : Million Baht

| Description | Year 2014 | | Year 2013 | | Change from Year 2013 | |
|-------------------------------------|-----------|------------|-----------|------------|-----------------------|--------|
| | Amount | % on sales | Amount | % on sales | Amount Inc (Dec) | % +(-) |
| selling and administrative expenses | 1,336.71 | 13.71% | 1,247.78 | 13.28% | 88.93 | 7.13% |

Selling and administrative expenses increased as compared to previous year due to increase in sales promotion expenses of network marketing business and direct sales business. This is because there are events for products launching, training courses, rewards; increase in advertising expenses; domestic and export transportation expenses in line with sales; and annual salary and wages increment.

3. ANALYSIS: The Consolidated Financial Position

Table 5 Consolidated statements of financial position (partial)

Unit : Million Baht

| Description | As at Dec 31, 2014 | As at Dec 31, 2013 | Changes from Dec 31, 2013 | |
|--------------------------------------|--------------------|--------------------|---------------------------|--------------|
| | Amount | Amount | Amount Inc (Dec) | % +(-) |
| Trade accounts receivable, net | 1,992.36 | 1,855.46 | 136.91 | 7.38% |
| Inventories, net | 1,599.49 | 1,475.14 | 124.35 | 8.43% |
| Property, plant and equipment, net | 5,373.05 | 5,295.73 | 77.32 | 1.46% |
| Total assets * | 10,516.04 | 10,125.51 | 390.53 | 3.86% |
| Bank overdrafts and short-term loans | 1,452.30 | 823.45 | 628.85 | 76.37% |
| Trade accounts payable | 968.42 | 950.21 | 18.21 | 1.92% |
| Long-term loans | 2,575.10 | 3,030.29 | (455.19) | (15.02%) |
| Employee benefit obligations | 296.57 | 310.55 | (13.99) | (4.50%) |
| Total liabilities * | 5,783.93 | 5,560.37 | 223.56 | 4.02% |
| Unappropriated retained earnings | 1,674.79 | 1,496.73 | 178.07 | 11.90% |
| Non-controlling interests | 225.67 | 229.52 | (3.85) | (1.68%) |
| Total shareholders' equity * | 4,732.11 | 4,565.14 | 166.97 | 3.66% |

Note : * Total lines extracted from Consolidated Statements of Financial Position.

As of December 31, 2014, the consolidated financial position has been changed from December 31, 2013 as follows:

- Increase in trade accounts receivable due to soaring sales of beverage packaging products of the Company and a subsidiary in Vietnam as a result of continuous sales promotion campaigns by major soft drink producers till the end of this year. Moreover, increase of accounts receivable of a subsidiary which received big project by the end of year 2014.
- Increase in inventories from raw material purchase of a subsidiary in Vietnam in order to serve soaring sales, and increase in molds for sale of a subsidiary.
- Increase in property, plant and equipment from additional acquisition of machinery of the Group netted with depreciation expenses and disposal during the period.
- Increase in bank overdrafts and short-term loans following the need in working capital of the Group and withdrawal of short-term loans.
- Increase in trade accounts payable because the Group made purchase in order to serve soaring sales.
- Decrease in long-term loans thanks to loan repayments with amount higher than withdrawal for investment in operating assets. The Company has no withdrawal of long-term loan during the year.
- Decrease in employee benefit obligations for benefits payment to those retired employee, netted with recognition of post-employment benefits and other long-term employment benefits during the period.
- Increase in unappropriated retained earnings by Baht 178.07 million from increase in net profit attributable to the owners of the parent company for the year ended December 31, 2014 amounting to Baht 470.06 million, netted with dividend payment in respect of operating result of 2013 amounting to Baht 270.99 million and legal reserve amounting to Baht 21.00 million.
- Decrease in non-controlling interests from dividend payment, netted with increase in net profit for year ended December 31, 2014.

4. Liquidity analysis

Table 6 Consolidated statements of cash flow (partial)

Unit : Million Baht

| Description | 12 months Dec 31, 2014 | 12 months Dec 31, 2013 | Change from Prior period |
|--|---------------------------|---------------------------|-----------------------------|
| Cash flows from operating activities | 730.83 | 711.06 | 19.77 |
| Cash flows from investing activities | (615.73) | (980.53) | 364.80 |
| Cash flows from financing activities | (79.26) | 265.30 | (344.56) |
| Net increase (decrease) in cash and cash equivalent | 35.84 | (4.17) | 40.01 |
| Cash and cash equivalents, opening balance | 437.12 | 441.29 | (4.17) |
| Cash and cash equivalents, closing balance | 472.96 | 437.12 | 35.84 |

The Group's significant cash inflow/outflow transactions for the year of 2014 were as follow:

- 1) Net cash receipts from operating activities were higher than previous year thanks to performance of the period, better management of operating assets and liabilities, and increase in depreciation from investment in operating assets.
- 2) Net cash payments for investing were lower than last year as higher dividend received from associates and joint venture and lower assets acquisition.
- 3) Net cash receipts from financing activities were lower than last year from higher amount of long-term loans repayments, and lower new long-term loans withdrawal.

The Group is confident that it can maintain sufficient cash flows together with proper liquidity level to be able to support business. As at December 31, 2014, the Group has unutilized credit facility consisting of bank overdrafts, long-term loan and working capital worth more than Baht 5 billion which is enough for liquidity. As well, the Company is under the process of additional fund raising to support the Group's business.

5. Key financial ratio analysis

Table 7 Key Financial Ratios

| Description | | Unit | 12 months 2014 | 12 months 2013 |
|-------------------------|----------------------------|-------|-------------------|-------------------|
| Working Capital Ratios | | | | |
| 1. | Collection Period | Days | 73.56 | 71.08 |
| 2. | Inventory Turnover | Days | 73.07 | 70.28 |
| 3. | Payment Period | Days | 44.24 | 45.27 |
| 4. | Cash Cycle | Days | 102.38 | 96.09 |
| Profitability Ratios | | | | |
| 5. | Return on Equity | % | 9.93 | 10.67 |
| 6. | Return on Operating Assets | % | 8.75 | 9.20 |
| Financial Policy Ratios | | | | |
| 7. | Debt to Equity | Times | 1.22 | 1.22 |

5.1 Working capital ratios

Cash cycle for the year ended December 31, 2014 was 102.38 days, longer than that for the year ended December 31, 2013 being 96.09 days, due to:

- 1) Collection period of accounts receivable for the year ended December 31, 2014 being 73.56 days was longer than that for the year ended December 31, 2013 being 71.08 days following the soaring sales of beverage packaging products, decrease in cash sales channel of Household Products, and some long overdue receivables which are in dunning process of the Group.
- 2) Inventory turnover for the year ended December 31, 2014 being 73.07 days was longer than that for the year ended December 31, 2013 being 70.28 days as raw materials being stocked up to serve beverage packaging sales during New Year festivities, and increase in molds for sale of a subsidiary.

3) Payment period of accounts payable for the year ended December 31, 2014 being 44.24 days was shorter than that for the year ended December 31, 2013 being 45.27 days as the Group made purchase and kept raw materials at the level being sufficient for production plan, as well as shorter term of payment in order to get better raw material price.

5.2 Profitability ratios

- Return on Equity (ROE) for the year ended December 31, 2014 being 9.93% was lower than that for the year ended December 31, 2013 being 10.67% due to decrease in operating results and annual dividend payment.
- Return on Operating Assets for the year ended December 31, 2014 being 8.75% was lower than that for the year ended December 31, 2013 being 9.20% from the decrease in operating results and additional acquisition of operating assets during the year.

5.3 Financial policy ratios

Debt to equity ratio for the year ended December 31, 2014 being 1.22 times did not change from the year ended December 31, 2013 being 1.22 times, thanks to increase in short-term borrowing with less long-term loan withdrawal, accounts payable, and other payable which were similar in proportion to increase in shareholders' equity netted with annual dividend payment.

6. Risk Management Plan

The Group has managing risks factors as follow:

- 1) Prices fluctuation of raw material: The Group has set up a Purchasing Committee comprising management who have expertise in this area. The Committee will closely monitor prices of raw material, and plan for the purchases of raw material in advance by considering the appropriate volume and prices. Negotiation with customers will also be carried out through a contract or an agreement covering selling price adjustment every 1-3 months.
- 2) Increase in minimum wages: The Group has rescheduled working hours of workers in order to save overtime payment, whilst increase productivity of workers.

- 3) Fluctuation of the exchange rate: The Group has set out key strategies such as quoting the price in currencies other than US Dollar in order to diversify risks and alleviate the impact of over-dependency on a particular currency. The products are to be sold to some customers in Thai Baht. Negotiation with customers is set with condition to adjust selling prices when the exchange rate fluctuates significantly. Moreover, natural hedge strategy alongside is considered as deemed appropriate by arranging forward contracts to alleviate the impact.
- 4) Few customers of food and beverage packaging products: More domestic and overseas customers are to be sought in order to mitigate risk of dependency on limited customers.

7. BUSINESS OUTLOOK FOR 2015

7.1 Household Products

Domestic market

- An improved and upward business trend is expected to coincide with Thailand's projected economic growth for 2015. The Company has adjusted various aspects of its business operations to be in line with the expected positive economic climate, values and market trends, especially those relating to the direct sales channels by independent sales representatives as follows:
 1. Several initiatives would be launched to increase the earnings potential of direct sales representatives or members, through introducing various new fast selling products – including consumer and fashion products, that are currently in demand in the market. This is to increase interest in this business channel among the new generation and attraction for them to apply to become direct sales members in the direct sales business.
 2. Given the growth of interests of the overseas direct sales business leaders within the ASEAN Region to buy products from Thailand for selling in their own countries, the Company sees good opportunities to increase sales and associated revenues from this business activity.

3. Direct sales activity has expanded significantly, and created new opportunities to become not only a business-to-consumer (B2C) sales activity but also a business-to-business (B2B) sales activity, leading to expansion into and covering a very wide range of customer groups.
 4. Modern and up-to-date technology systems will be introduced, such as: online sales process, home delivery services, pick-up service at nearby convenience stores, in order to facilitate business members.
 5. New business events will be initiated to drive sales.
- The Company's 'Srithai Super Outlet', located in Chonburi province, will be opened in the 1st quarter of 2015 to offer various products manufactured by the Company and other leading manufacturers. This is to add another sales channel as well as to reinforce consumer's awareness of the Company's quality brand image and products.
 - Strategies for each distribution channels will be set up as follow:
 1. HORECA: focusing on new products being porcelain look-alike products to meet demand of hotel, restaurant, and catering businesses.
 2. Mass Market: focusing on products sold in department stores and shops with creative shapes and designs.
 3. Low-end Market: focusing on durable product and competitive price rather than design.

Export Markets

- Export sales in 2015 are projected to increase from 2014 through following strategies:
 1. Focus on the Europe and Middle East markets that account for 50% of total export sales, since melamine products are still the top selling items in these markets – especially in the HORECA market segment, where further product will be co-developed together with the customers.
 2. With regard to the AEC, focus on Cambodia, Laos, Myanmar, Vietnam, and Indonesia through establishing more sales representatives.

3. Launch new products for 2015, while still focusing on the existing key success factors, i.e. : producing and selling 'life style products' with a variety of decorative designs and shapes that meet the requirements of each respective customer groups.
 4. Initiate various brand-building activities to increase consumer awareness and confidence.
 5. Increase 'outdoor product' lines since they are durable and not easily breakable, currently having more demand by consumers.
- The new manufacturing plant of a subsidiary, recently established in India, is under construction and will start production within the 1st quarter of 2015. The subsidiary will facilitate the expansion of direct sales as well as wholesales activities in India market. Price competitive products are to be offered since previously all products were imported from Thailand with high import taxes. For this market, the Group will focus on selling Superware and Ektra brands to be more accepted and in demand due to their good quality, strength and durability, and beautiful designs.

7.2 Industrial Products

Beverage packaging product

- In 2015, sales for beverage packaging products are expected to be higher than in 2014 since the beverage industry will remain an outstanding growth sector, attracting many investors and making it an intensively competitive market sector. As such, this is a good opportunity for the Company to increase its sales revenues for beverage packaging products by focusing on major beverage producers.
- Another subsidiary has been recently established in Hanoi, Vietnam, to be a manufacturing base for packaging products and the factory is under construction. Commercial production is expected to start in the 4th quarter of 2015, which will help increase the overall production output to support the expected growth of the local beverage industry sector and economy, and market extension into North Vietnam, resulting in saving costs and delivery time.

Food packaging products

- Sales are expected to increase in 2015. The Company is in the process of developing and launching new 'food box' products to boost sales, and expects to gain new customers for the products using the IML (in mould labeling) manufacturing technology. This is especially so for Vietnam, the Philippines, Indonesia, Korea, and China markets, due to the popular trends in these markets in 2015 for top selling movies such as: The Avengers 2, Minions, and Star Wars.

Other Industrial Products

- For 2015, sales for all products in this group are expected to increase, particularly for containers, pallets and other products that are used as 'free premiums' with sales of other consumer products. This is due to expected growth in domestic consumption, resulting from accelerated budget disbursements by the public sector that will eventually increase people's overall purchasing power. Demand for paint pails is also an upward trend as a result of the improved situation for the property sector.

7.3 Trading and Moulds Business Line

Trading Business Line

- Year 2015 will be a 'golden year' for the Network Marketing Sales Business due to the following factors:
 1. New 'Food Matrix' food supplement products, which was awarded the 'noble prize'-like award of quality assurance would be launched. The Company has been granted the exclusive rights to import, distribute, and market these products in Asia. It is expected to be well accepted by and in great demand from young and health conscious consumers, as well as be a core product group to help increase sales, profits, positive reputation for the Company.
 2. The rebranding (of the network marketing business) as 'Srithai Network' will facilitate an increase in consumer acceptance and better recognition for both the 'Srithai Network'

brand and business, together with improved access to the target market groups, resulting in the expansion of this business line.

3. Various sales promotion campaigns and marketing support activities are to be undertaken for the benefit of the independent businessmen, which will help smoothen business expansion at a break through pace.
4. New sales support IT systems (called the 'super IT' system) and associated up to date applications will be invested to enable sales activities to be performed via smart phones for the sake of convenience and speed, as well as create a unique competitive advantage in the MLM business.
5. The head office's working space and facilities will be enlarged together with new meeting rooms to meet the needs of an increase in Bangkok-based business partners.
6. Strategies to drive and support the expansion of market coverage for these products will be implemented in key AEC countries, namely: Malaysia, Singapore, Myanmar, Cambodia, Laos, and Vietnam, via establishing more sales and distribution channels.

Moulds Business Line

- It is expected that sales revenues will increase in 2015 corresponding to the recovery of the automobile industry. The 'eco car' program is the main driver for growth in the automobile market in the coming year. The BOI currently has approved Phase 2 of the Eco Car promotion scheme which is a key factor in supporting, from a policy view point, an increase in productivity and level of production outputs.

Furthermore, the following factors will also help the subsidiaries to receive more sales orders:

- Meeting the needs of the middle class family segment having higher purchasing power, which enables them to be able to buy and own more automobiles.
- People adapting to a more urban lifestyle, such as using smaller and compact 'city' cars that are easier to drive in the city.

- Growing concerns about the environment, with new cars being designed to emitted less pollution into the environment.

7.4 Fund raising from Capital Market

- The Company has entered into a contract with a financial advisor for the feasibility study of listing our Vietnam business in the Stock Exchange of Thailand within 2016. This is for securing source of fund to expand business in this region.

7.5 A Joint Venture for Furniture Distribution

- Super Idea Company Limited, a subsidiary, is expected to operate its distribution of modern style furniture products in the 3rd quarter of 2015. This is a joint venture with an Italian investor who has expertise in global furniture design.

8. Significant events of the year of 2014

There is no new accounting policy in this year. Nevertheless, the significant events regarding additional investments, changes in investments, and future investment plan were as follows:

8.1 Investment in subsidiaries

- Srithai (Vietnam) Company Limited

On November 10, 2014, the Company paid for the additional share capital in Srithai (Vietnam) Company Limited, a subsidiary, amounting to US dollars 3.00 million or equivalent to Baht 98.34 million according to a 100.00% shareholding. The payment is for an increase in share capital that the subsidiary registered in 2012.

- Srithai Superware Manufacturing Private Limited

During the year 2014, Srithai Superware Manufacturing Private Limited, a subsidiary, has registered to increase its capital from Indian Rupees 120.00 million to Indian Rupees 400.00 million according to the resolution of the Board of Directors of the subsidiary. The Company paid

for the additional share capital and premium on share capital of the subsidiary amounting to Indian Rupees 231.90 million and Indian Rupees 57.98 million, respectively, or totalling equivalent to Baht 153.49 million according to its 100.00% shareholding.

- **Newly established indirect subsidiary - Srithai (Hanoi) Company Limited**

On December 10, 2014, Srithai (Vietnam) Company Limited, a wholly owned subsidiary, registered Srithai (Hanoi) Company Limited in the Socialist Republic of Vietnam. Srithai (Hanoi) Company Limited will engage in the manufacture and distribution of food and beverage packaging products, and plastic industrial products with a registered share capital of Vietnamese Dong 424,920 million. The subsidiary holds 100.00% shareholding in Srithai (Hanoi) Company Limited and partially paid for the share capital of Vietnamese Dong 42,000 million. Srithai (Hanoi) Company Limited is a subsidiary of Srithai (Vietnam) Company Limited and indirect subsidiary of the Company.

8.2 Newly established indirect associate

- **Sanko Srithai (Malaysia) SDN. BHD.**

On March 14, 2014, Srithai Sanko Company Limited, an associate, registered Sanko Srithai (Malaysia) SDN. BHD. in Malaysia engaging in distribution of plastics products with a registered share capital of Malaysian Ringgit 500,000.00. The associate holds 100.00% shareholding. According to this investment, the Company has indirect interest of 48.00% in Sanko Srithai (Malaysia) SDN. BHD. The associate had paid up share capital of Sanko Srithai (Malaysia) SDN. BHD. in full.

8.3 Associate's dissolution and liquidation

- **Beijing Huatai Replica of Porcelain Products Co., Ltd.**

On December 4, 2014, the associate's liquidation was confirmed of completion by the government of the People's Republic of China. The Company has not received any return from

the associate's liquidation. As at December 31, 2014, the Company had then written-off investment in the associate which impairment was already reserved in full.

8.4 Dividend payments of subsidiaries

Table 8 Summary of dividend payments in the 2014

| Company | Percentage of shareholding | Dividend per share | Dividend payment |
|------------------------------|----------------------------|--------------------|--|
| Srithai Superware PCL. | - | Baht 1.00 | Baht 270.99 million (AGM approval on April 29, 2014 payment on May 27, 2014) |
| Subsidiaries | | | |
| - Srithai Moulds Co., Ltd. | 71.00 | Baht 5.00 | Baht 5.00 million (AGM approval on March 31, 2014) |
| - Korat Thai Tech Co., Ltd. | 100.00 | Baht 23.00 | Baht 69.00 million (AGM approval on April 4, 2014) |
| - Srithai Miyagawa Co., Ltd. | 51.00 | Baht 34.00 | Baht 40.80 million (AGM approval on April 24, 2014) |

9. Post statement of financial position events

9.1 Additional investment in subsidiaries

- Srithai Superware Manufacturing Private Limited

On February 9, 2015, the Company paid for the additional share capital of Srithai Superware Manufacturing Private Limited, a subsidiary, being share capital and premium on share capital amounting to Indian Rupees 80.00 million and 20.00 million, respectively, or totalling to Baht 52.80 million according to its 100.00% shareholding.

- Srithai (Vietnam) Company Limited

Srithai (Vietnam) Company Limited has registered increase its registered capital from US dollars 20.00 million to 40.00 million in February 2015. This was approved by a resolution of the Board of Directors of the Company on September 30, 2014. The Company will wholly invest in the increase registered capital according to its 100.00% shareholding. The Company partially paid for additional investment share capital in a subsidiary amounting to US dollars 3.00 million or equivalent to Baht 97.95 million on February 11, 2015.

9.2 Approval of dividends

On February 27, 2015, the Board of Directors of the Company passed a resolution to propose the dividend payment from the operating results of 2014 at Baht 0.10 per share, totalling Baht 270.99 million. However, the approval for the dividend payment shall be proposed to the Annual General Meeting of Shareholders No. 34 (year 2015) for further consideration and approval.

Please be informed accordingly.

Yours faithfully,

Prin Bholnivas

Director