



Management Discussion & Analysis (MD&A)

Operating Performance Overview

In 2011, the Company's core business is a distributor of occupational health and safety products, exhibited good expansion in line with the domestic economy. Although the Company was affected by flooding crisis in the fourth quarter, the revenue from sales of occupational health and safety products still expanded by 10.27% (YoY).

With regard to the water treatment business, the revenue improved from 2010 driven by the continually carried out of marketing activities. In the second quarter of 2011, the Company additionally invested in its subsidiaries amounted to Baht 8.50 million, representing 76.67% of the share capital of its subsidiaries. However, the Subsidiary's revenue has been below the target, resulting in net operating loss in 2011.

In 2009, 2010, and 2011, the Company's total revenues were Baht 475.80 million, Baht 646.83 million, and Baht 721.94 million, respectively. The net profit in 2009, 2010, and 2011 in amount of Baht 17.61 million, Baht 37.76 million, and Baht 25.18 million, respectively. In 2009, the Company recorded a profit from the sale of investment in Angle Alliance Co., Ltd. amounted to Baht 4.52 million.

In 2009, 2010, and 2011, the Company's total assets were Baht 357.92 million, Baht 483.86 million, and Baht 483.28 million, respectively. In 2010, an increase in total assets was driven by rising in account receivables and inventories following the expansion in sales and remaining cash from capital rising in stock market in December 2010.

Operating Performance Analysis

Income

In 2010, the Company's sales and services revenues were Baht 637.87 million, up by 36.14% (YoY) resulting from higher sales order following the economic recovery from the contraction which deteriorating sales revenue in 2009.

In 2011, the Company's sales and services revenues were Baht 719.14 million, increased by 12.74% (YoY) following an increase of sales order contributed by improvement in economic condition. Moreover, an increase in core revenue was driven by higher sales of personal protective equipments, safety and environmental equipments.

For the revenue structure in 2009, 2010, and 2011, the revenue from sales of personal protective equipment accounted for 83.02%, 81.04% and 80.79% of total revenues, respectively. The revenue from occupational safety equipments accounted for 15.45%, 14.08% and 13.20% of total revenues, respectively. The revenue from water treatment system accounted for -, 3.49% and 5.62% of total revenues, respectively while other revenues accounted for 1.53% and 1.39% and 0.39% of total revenues, respectively.



With regard to the sales of water treatment equipments and design, manufacture, construction and installment of water treatment systems business, the Company has operated this business since 2009. In 2010 and 2011, the Company's revenue from sales of water treatment equipments amounted to Baht 4.21 million, and Baht 16.55 million while revenue from design, manufacture, construction and installment of water treatment systems amounted to Baht 18.02 million, and Baht 21.93 million, respectively.

Costs and Expenses

Costs of sales and services

The Company's costs of sales and services of the year 2009, 2010, and 2011 were Baht 329.34 million, Baht 438.68 million, and Baht 508.77 million, respectively which accounted for 70.29%, 68.77% and 70.75% of total revenues, respectively. As the result, the Company's gross profit margin in 2009, 2010, and 2011 by 29.71%, 31.23% and 29.25% of total revenues, respectively. In 2010, gross profit margin improved due to lower price competition amid ongoing economic recovery. In 2011, gross profit margin declined due to higher share of low gross margin products, coupled with negative gross profit margin in service business.

Selling and Administrative Expenses

Selling and Administrative Expenses comprised of personnel expenses, depreciation, interest, advertising, product exhibition and transportation expenses, etc. In 2009, 2010, and 2011 selling and administrative expenses were Baht 114.11 million, Baht 147.75 million, and Baht 167.61 million, respectively accounted for 24.36%, 23.16% and 23.31% of total revenues, respectively.

The selling expenses in 2009, 2010, and 2011 were Baht 39.83 million, Baht 68.71 million, and Baht 76.04 million, respectively accounted for 8.50%, 10.77% and 10.57% of total revenue, respectively. In 2009, the proportion of selling expenses were increased due to declining in sales together with there was fixed selling expenses that did not vary with the declining in sales. In 2010 and 2011, the proportion of selling expenses increased from 2009 following an increase amount of employees in associated with business expansion, rising sale incentive for sales officer to motivate higher business volume, and new bonus scheme for sales function started from 2010.

For the administrative expenses in 2009, 2010 and 2011 were Baht 74.29 million, Baht 79.04 million, and Baht 86.98 million, respectively accounted for 15.86%, 12.39% and 12.09% of total revenues, respectively.

The administrative expenses consisted of a proportion of fixed expenses such as personnel expenses, etc. In 2009, the proportion of administrative expenses increased due to lower of 18.57% in sales. Meanwhile, the sales and services revenue in 2010 improved by 36.14% (YoY) resulting in lower in proportion of administration expenses from the previous year.



Operating Profit Margin

Operating profit margin excluding of non-recurring items in 2009, 2010 and 2011 accounted for 6.65%, 8.98% and 6.30%, respectively.

In 2009, the operating profit margin declined due to lower in gross profit margin following price competition during the economic crisis together with the lower in sales, resulting in higher selling and administration expenses in which there were some fixed expenses that did not vary with declining in sales.

In 2010, the operating profit margin increased following an increase in gross profit margin due to lower price competition.

In 2011, the operating profit margin decreased due mainly to decrease in gross profit margin and impairment loss of obsolete inventories, impairment loss of fixed assets, and impairment loss of doubtful account.

Net Profit Margin

Net profit margin for the year 2009, 2010, and 2011 was 3.70%, 5.84% and 3.49%, respectively. Items affected net profit margin for the year 2009, 2010, and 2011 are summarized as follows;

In 2009, the Company's net profit margin was significantly declined due to decrease in sales and lower in gross profit margin following economic downturn which affected product demand coupled with higher price competition. In 2010, the Company's net profit margin increased following recovery of economy and industry of the Company's customer base together with lower price competition.

In 2009, 2010, and 2011, the Company's return on equity was 10.93%, 17.71% and 10.40%, respectively. In 2009, the return on equity was declined due to declining in profitability following lower in sales and gross profit margin. In contrast, sales and gross profit improved in 2010 resulting in higher return on equity. In addition, net profit, net profit margin, and return on equity of separate financial statement were higher than those in consolidated financial statement for the year 2010 due to loss in its subsidiaries. Moreover, the Subsidiary started business operation in November 2009 and continually carried out marketing activity since commencement however, it required a certain period of time to penetrate the market. As the result, the Subsidiary initially recorded revenue in the third quarter of 2010. The subsidiary therefore recorded net loss in 2010. In 2011, the return on equity decreased from 2010 due to water treatment system business recorded negative gross profit margin. Furthermore, the Company recorded allowance for doubtful account of its subsidiaries and impairment loss of fixed assets.

Profitability Ratio	Consolidated Financial Statement			Separate Financial Statement		
	2009	2010	2011	2009	2010	2011
Gross Profit Margin	29.71%	30.87%	29.25%	29.71%	31.01%	30.63%
Operating Profit Margin	6.65%	8.98%	6.30%	5.39%	8.49%	6.63%
Net Profit Margin	3.70%	5.84%	3.49%	2.97%	6.69%	4.21%
Return on Equity	10.93%	13.93%	10.40%	8.55%	18.99%	10.48%

Financial Position

Assets

The Company's total assets in 2009, 2010, and 2011 were Baht 357.91 million, Baht 483.86 million, and Baht 483.28 million, respectively. The key assets including account receivable, inventory, and property, plant and equipment.

In 2009, the Company's total assets decreased due to lower of inventories and account receivables resulting from the Company released the inventories and decelerate the replenishment. Meanwhile, account receivable was decreased due to a lower in sales. In addition, the Company sold of investment in Angel Alliance Co., Ltd. together with loan and accrued interest of that Company.

In 2010, the Company's total assets increased from the end of 2009 due to an increase in account receivable and inventories following an increase in sales compared with the same period of previous year.

In 2011, the Company's total assets almost unchanged from the total assets at the end of 2010

- **Trade receivables**

In 2009, 2010, and 2011, the Company's trade receivables were Baht 81.39 million, Baht 100.76 million, and Baht 110.98 million, respectively. In 2009, the trade receivable increased while sales dropped due to the Company expanded payment period for customer who was affected by economic slowdown. Upon the improvement in economy in 2010, the sales improved from the previous year resulting in higher account receivables. For the year 2011, trade receivables increased following improvement in sales.

The Company's credit term is at least 30 days. The average credit term for the customer is in range of 50 - 60 days. The Company will consider payment term from past performance, sales order, and historical payment.

In addition, the outstanding balance of trade account receivable aged by number of days as of December 31, 2009, 2010, and 2011 are detailed as follows;

Aging	Consolidated Financial Statement		
	December 31, 2009	December 31, 2010	December 31, 2011
Not yet due	58,210,542.81	60,980,779.64	66,253,064.10
Over-due:			
1-60 days	22,442,277.59	34,987,328.57	41,573,097.19
61-120 days	662,214.30	3,509,839.60	3,182,491.04
121-180 days	57,587.40	1,496,744.36	290,181.79
Over 180 days	2,512,401.43	2,193,538.30	5,940,717.48
Total	83,885,023.53	103,168,230.47	117,239,551.60
Less Allowance for doubtful accounts	2,499,138.29	2,409,326.44	6,254,409.10
Trade receivables– net	81,385,885.24	100,758,904.03	110,985,142.50

The Company will recognize allowance for doubtful account by estimated losses that may incurred in collection of receivable which generally based on collection history, current financial status of account receivables. Normally, the Company will analyze each account receivables which aging over 180 days past due and inactive movement. Thus, the Company set up allowance for doubtful account at rate 100% of total remaining receivables.

The account receivables over 180 days past due in 2009, 2010, and 2011 were Baht 2.51 million, Baht 2.19 million, and Baht 5.94 million, respectively. The Company has allowance for doubtful account during 2009, 2009, and 2011 were Baht 2.50 million, Baht 2.41 million, and Baht 6.25 million, respectively. In 2009, the allowance for doubtful account increased resulting from the customer loss repayment ability as he was in financial trouble, in which sales of such account was recognized in late of 2008. Furthermore, the Company has fully set up provision for doubtful account for that customer since 2009. In 2011, the rising in account receivable over 180 days past due was contributed by customer of water treatment business.

- **Inventories**

In 2009, the Company's inventories totaled Baht 96.45 million, and Baht 128.78 million in 2010, decreased by 33.52% (YoY) in order to support higher sales in 2010. This amount included work in process of its subsidiaries amounted to Baht 2.70 million. As of December 31, 2011, the inventories totaled Baht 179.86 million, decreased by 39.66% (YoY) in order to support higher sales in 2012 as well as imported product in order to penetrating new target customer.

Unit : Baht


	Consolidated Financial Statement		
	December 31, 2009	December 31, 2010	December 31, 2011
Finished goods	95,909,929.22	120,856,193.81	167,024,109.45
Goods in transit	5,948,152.34	9,077,965.42	17,554,373.96
Consignment goods	-	-	480,940.35
Work in process	-	2,109,282.40	490,343.58
Raw materials	-	2,249,990.75	713,061.77
Total	101,858,081.56	134,293,432.38	186,262,829.11
Less Allowance for diminution in value of inventories	5,407,479.66	5,515,119.54	6,400,357.46
Inventories - net	96,450,601.90	128,778,312.84	179,862,471.65

For the guideline to set up allowance for diminution in value of inventories for obsolete or impaired goods, the Company will consider from aging and condition of goods as follows;

- Quick obsolete goods aging over 1 year (ex. shoes, eye-glasses, and rubber gloves, etc.) will be set up allowance for diminution in value of inventories of 50% of inventories value.
- Quick obsolete goods aging over 2 years will be set up allowance for diminution in value of inventories of 100%.
- Impaired goods will be set up allowance for diminution in value of inventories of 100%.

Since beginning of the third quarter of 2010, the Company has policy to set up allowance for diminution in value of inventories for slow obsolete goods by considering from the aging of goods which greater than 5 years. Also, the Company considered to set up allowance for diminution in value of inventories for each item which its turnover greater than 5 years as appropriate.

In 2009, the Company's allowance for diminution in value of inventories was Baht 5.41 million due mainly to allowance for diminution in value of safety shoes aging over 1 year whereby the Company had ordered during the second quarter of 2008. Furthermore, the slow releasing of goods was due to the declining in sales amid economic slowdown. As the result, the Company set up allowance for diminution in value of inventories of 50%, resulting in impairment loss of inventories in 2009 amounted to Baht 4.77 million.



In 2010, the Company's allowance for diminution in value of inventories was Baht 5.52 million, and recorded impairment loss of inventory amounted to Baht 2.31 million following allowance for diminution in value of inventories for slow obsolete goods aging greater than 5 years which had set up since the third quarter of 2009 as aforementioned. Moreover, the auditor was further set up allowance for diminution in value of inventories by considering the turnover of each product category. As the result, there was additionally allowance for diminution in value of inventories amounted to Baht 1.21 million.

In 2011, the Company's allowance for diminution in value of inventories was Baht 6.40 million, and recorded impairment loss of inventory amounted to Baht 0.89 million due to the guideline of allowance for diminution in value of inventories by considering the turnover of each product category. In 2011, the Company has increased allowance for diminution in value of inventories was Baht 3.12 million when compared to 2010.

- **Property, Plant and Equipment**

Net property, plant and equipment for the year 2009, 2010, and 2011 was Baht 140.55 million, Baht 153.22 million, and Baht 153.56 million, respectively. A decline of property, plant and equipment in 2009 due mainly to depreciation, mostly comprised of office building and new warehouse with area of 5-0-1 Rai at Lumlukka district, Pathumthani which its investment value totaled Baht 138.36 million.

In addition, property, plant and equipment as of December 31, 2010 increased from 2009 due mainly to new acquisition of land and building amounted to Baht 12.55 million which used as Rayong branch.

- **Non-operating assets**

Non-operating assets in 2009 and 2010 were Baht 7.28 million and Baht 2.57 million.

In 2009, the auditor has been changed accounting classification for property, plant and equipment which were not used for ongoing operation of the business resulting in higher value of non-operating assets in that period. Moreover, Industrial Condominium-Narita Building, Nontaburi was additionally recorded as non-operating asset.

In 2011, the auditors has changed asset classification by restating assets which were not used for ongoing operation of the business to classify under investment property item, applying retrospective to accounting classification in 2010.

For the operating guideline for non-operating assets, the Company will sale of assets when there are appropriate price available. During regular period, the Company has policy to lease such assets to generate income.

For the non-operating assets impairment guideline, the Company has applied the same standard as operating asset.



- **Investment in its subsidiaries**

In November of 2009, the Company invested in PD Genesis Engineering Co., Ltd., who operates design, manufacture, construction and installment of wastewater treatment system, water supply and drinks, wastewater treatment system for reuse, totaled Baht 3 million or representing 60% of share capital of its subsidiaries.

In second quarter of 2010, the Company was additionally invested in PD Genesis Engineering Co., Ltd., who operates design, manufacture, construction and installment of wastewater treatment system, water supply and drinks, wastewater treatment system for reuse, amounted to Baht 11.5 million or representing 76.67% of share capital of its subsidiaries. However, the Subsidiary recorded net loss exceeds capital. Therefore, the Company has fully set up the total amount of impairment loss on investment in subsidiary.

- **Loan to Subsidiary Company**

The Company granted short-term loan to its subsidiaries by issuing promissory note, which repay at call, amounting to Baht 5 million with interest rate MLR plus 3% per annum. The Subsidiary used short-term loan as working capital.

- **Investments in associate company**

In 2008 and 2009, the Company recognized net loss from equity investment of Angel Alliance Co., Ltd. amounted to Baht 0.95 million and Baht 0.34 million, respectively resulting in decrease of investment value amounted to Baht 1.06 million and Baht 0.72 million, respectively.

In June 2009, the Company however, sole of investment in Angel Alliance Co., Ltd. at par value together with loan totaled to 544,645 million Singapore dollars to Mr. Chavalit Wangthamrong, Mr. Teeradej Jarutangtrong and Mr. Xiao Li Yue who are the management of Angel Safety Equipment (Shanghai) Corporation Limited at portion of 11.20%, 4.80% and 9.00% of share capital, respectively. In addition, the Company recorded gain from sole of investment amounted to Baht 4.52 million.

- **Long-term investment for related party**

In 2004, the Company invested in N&P Holding Co., Ltd., who operates restaurant business, amounted to Baht 1 million, representing 2% of total registered capital. Consequently, such Company continually record net loss and ceased business operation. In 2007, the Company had fully set up total amount of impairment loss on investment.



- **Long-term long for associate company**

The Company granted loan to Angel Alliance Co., Ltd. amounted to 544,645 Singapore Dollar with the interest rate of 4.25% per annum, in compliance with the shareholder agreement. There was no change of principal amount in 2007 and 2008 however, the financial statement showed different amount due to effect of exchange rate.

Due to Angel Alliance Co., Ltd. recorded net loss over time and unable to repay interest burden to the Company. In 2008, the Company therefore set up allowance for doubtful account for the portion of accrued interest payment of Baht 1,271,781.68 and record additional amount during 2009 until the Company had sole of investment in Angel Alliance Co., Ltd. Consequently, Mr. Chavalit and Mr. Teeradej have responded to repay loan of 544,645 Singapore Dollar, coupled with accrued interest totaling 62,704.87 Singapore Dollar.

- **Long-term loan for related party**

In 2009, the Subsidiary granted long term loan to related company, which was Genesis Environment Service Co., Ltd., in form of loan agreement facility with credit line of Baht 4.80 million, interest rate at 15% per annum with monthly installment. The first installment was in January 2010 and completed within 66 months. As of December 31, 2009, the loan was draw down by Baht 3.80 million. The loan agreement was in accordance with the agreement in persuading shareholder of Genesis Environment Service Co., Ltd., to joining invest and manage in its subsidiaries. However, Genesis Environment Service Co., Ltd. repaid full principal amounts to its subsidiaries in July 2010.

Liquidity

Cash flow from operations

In 2009, the Company's cash flow from operation amounted to Baht 86.98 million, mainly from an increase in profit before tax amounted to Baht 25.78 million, a decrease in inventory amounted to Baht 45.72 million and an increase in trade account payable amounted to Baht 22.61 million.

In 2010, the Company's cash flow from operation was Baht 22.51 million, mainly from a profit before tax amounted to Baht 52.90 million, an increase in inventory amounted to Baht 32.97 million and an increase in other current liabilities amounted to Baht 12.39 million.

In 2011, the Company's cash flow from operation amounted to Baht 1.10 million, mainly from a profit before tax amounted to Baht 41.17 million, an increase in inventory amounted to Baht 53.96 million, an increase in trade account receivable and account payable amounted to Baht 17.75 million and Baht 21.28 million, respectively.



In addition, in 2010, the Company had changed the auditors who reclassified the account types in financial statement for the year ended December, 31, 2009, which might caused some items such as cash and cash equivalents, not the same as the old classification in the balance sheet.

Cash Flows from Investing Activity

In 2009, the Company's cash flow from investing amounted to Baht 15.62 million, mainly from cash received from sales of long-term debentures to its subsidiaries amounted to Baht 12.62 million, cash received from sale of investment in its subsidiaries amounted to Baht 4.35 million and cash paid for long-term debentures to its subsidiaries, Genesis Environment Service Co., Ltd. amounted 3.80 million baht. Meanwhile, cash flow received from investing activities in separated financial statement was included the investment in its subsidiaries, PD Genesis Engineering Co., Ltd. amounted to Baht 3.00 million and short-term loans to its subsidiaries amounted to Baht 5.00 million.


In 2010, the Company's cash flow from investing amounted to Baht 17.82 million, mainly from cash paid for purchase of fixed assets amounted to Baht 19.43 million, consisted of a purchase of land and property (including additional section) for Rayong branch amounted to Baht 12.55 million.

In 2011, the Company's cash flow from investing amounted to Baht 8.30 million, mainly from cash paid for purchase of fixed asset amounted to Baht 11.06 million. The main reason for the purchase of water treatment - water recycling equipment as assets under water purchase agreement of Central Group at Chonburi and Khon Kaen amounted to Baht 9.40 million.

Cash flow from financing

In 2009, the Company's cash flow from financing amounted to Baht 92.07 million, mainly from a decrease of overdrafts and short-term loans from financial institutions amounted to Baht 55.51 million, repayment of long-term loans from banks amounted to Baht 13.46 million. Also, the Company had a policy of paying dividend from net profit of 2008 totaled Baht 12.35 million and profit arising from the 2008 operating results amounted to Baht 4.75 million.

In 2010, the Company's cash flow from financing amounted to Baht 58.89 million, mainly from cash received from increasing capital amounted to Baht 137.69 million, a decrease in overdrafts and short-term loans amounted to Baht 42.96 million, cash repayment for long-term loans from banks amounted to Baht 16.08 million, and dividend payment was Baht 36.1 million, consisted of additional dividend payment from profit arising from the 2009 operating results amounted to Baht 7.60 million and interim dividend payment from the profit arising from the first half of the year 2010 and retained earnings amounted to Baht 28.5 million.



In 2011, the Company's cash flow from financing amounted to Baht 50.58 million, mainly from an increase in overdrafts and short-term loans amounted to Baht 24.55 million, repayment of long-term loans from banks amounted to Baht 22.63 million and dividend payment amounted to Baht 47.25 million, comprise of dividend payment from profit arising from the 2010 operating results amounted to Baht 33.75 million which paid in addition to the interim dividend payment of 2010 together with the interim dividend payment from profit arising from the first half of the 2011 operating results and retained earnings amounted to Baht 13.50 million.

Liquidity Ratio

In 2009-2011, the Company's liquidity ratios were 1.31 times, 2.01 times and 1.77 times, respectively.

In 2009, 2010, and 2011, the average collection period was 63 days, 57.66 days and 53.74 days, respectively. In 2009, the average collection period was longer than in 2008 mainly due to some customers who had good payment history but affected by economic slowdown. In 2010, the period was shorter than 2009 due to the customers paid more punctual, following economic recovery and higher proportion of short term payment customers in sales structure.

In 2009, 2010 and 2011, average inventory on hand period was 134.67 days, 107.64 days and 110.92 days, respectively. In 2008, the period was longer 2009 due to a decrease in sales, while there were high inventories. Meanwhile, in 2010, the sales were increasing together with declining of inventories, resulting in shorter average inventory on hand compared with 2009. In 2011, due to the flood crisis in the fourth quarter, the sales was decreased due to some customers were affected by the flooding and currently on recovery period. As the result, the sales order from flood-affected customer segment was decreased.

In 2009, 2010 and 2011, the average payment period was 57.38 days, 52.36 days and 51.88 days, respectively. In 2009, the payment period was declined following the shoes order which received long payment term was slowdown where there had high inventories, coupled with the main supplier decreased the payment term. In 2010, average payment period was slightly decreased when compared to 2009 whereby the proportion of international trading which had longer payment term than domestic trading. In 2011, average payment period increased due to higher proportion of international trading. Domestic and international trade accounts payable were detailed as follow;

	Consolidated Financial Statement	
	December 31, 2010	December 31, 2011
Domestic trade accounts payable	23,300,596.87	17,662,353.95
Foreign trade accounts payable	39,631,608.96	64,025,061.41
Total	62,932,205.83	81,687,415.36

Liquidity ratio	Consolidated Financial Statement		
	2009	2010	2011
Liquidity ratio (times)	1.31	2.01	1.77
Current ratio (times)	0.68	0.71	0.78
Average collection period (days)	63	57.66	53.74
Average payment period (days)	57.38	52.36	51.88
Average inventory on hand (days)	134.67	107.64	110.92
Cash Conversion Cycle	140.29	112.93	112.78

Source of Funds

Liabilities

According to equity method, the Company's current liabilities amounted to Baht 154.29 million and non-current liabilities in amount of Baht 39.52 million in 2009.

In 2010, the Company's current liabilities amounted to Baht 158.96 million and non-current liabilities amounted to Baht 41.70 million, when compared to 2009, the borrowings decreased by Baht 34.07 million due mainly to a decrease in overdrafts and short-term loans from financial institutions amounted to Baht 42.99 million. Furthermore, the Company had higher working capital from capital rising activity through public share offering, result in lower demand of overdrafts and short-term loans from financial institutions.

In 2011, the Company's current liabilities amounted to Baht 182.25 million and non-current liabilities amounted to Baht 30.96 million, due mainly to an increase in overdrafts and short-term loans from financial institutions amounted to Baht 24.54 million.

Unit: Baht

Borrowings	Consolidated		
	December 31, 2009	December 31, 2010	December 31, 2011
Overdrafts and short-term loans from financial institutions	56,903,937.53	13,917,829.32	38,456,221.10
Long-term loans	38,690,907.76	38,856,874.82	15,431,971.19
Current portion of long-term loans	14,042,601.49	22,792,958.96	23,588,504.73
Total	109,637,446.78	75,567,663.10	77,476,697.02

In 2009, 2010 and 2011, the Company's debt to equity ratios was 1.18 times, 0.71 times and 0.78 times, respectively. In 2010, the ratio was decreased due to a decrease in liabilities after overdrafts and short-term loans repayment. Meanwhile, equity increased from capital raising activity amounted to Baht 40.00 million and premium on share amounted to Baht 97.69 million. Total liabilities increased from cash received on long-term loans from financial institutions amounted to Baht 25.00 million, accrued dividend amounted to Baht 20.25 million and overdrafts and short-term loans from financial institutions decreased by Baht 42.99 million.

COMMITMENTS AND CONTINGENT LIABILITIES

The Company's commitments were letters of guarantee which issued for government agency customer. The outstanding amount of letters of guarantee as of December 31, 2009, 2010 and 2011 are summarized as follow;

Unit: Baht

Company	Letter of guarantee outstanding		
	December 31, 2009	December 31, 2010	December 31, 2011
Phol Dhanya Plc.	2,404,070.50	2,667,938.74	3,260,212.03

The Subsidiary is permitted to utilize the guarantee line of the Company, amounted to Baht 20,000,000 million, approved by the resolutions of Board of Director No. 9/2552 as of November 9, 2010. The Company and its subsidiaries have made a guarantee contract for each others, including Mr. Chavalit Wangthamrong and Mr. Surapol Hungsapruet, the directors of its subsidiaries, had also entered into the guarantee contract which signing on September 15, 2010. As of December 31, 2011, the Subsidiary had no remaining letters of guarantee.



Equity

According to the consolidated financial statement in 2009, the Company's equity amounted to Baht 164.10 million, an increase of profit arising from the 2009 operating results amounted to Baht 17.61 million. In addition, the Company had dividend payment from profit arising from the 2008 operating results amounted to Baht 12.35 million and profit arising from the first half of the 2009 operating results amounted to Baht 4.75 million.

In 2010, the Company's equity amounted to Baht 283.20 million, mainly from issuance of common share offering amounted to Baht 40 million and share premium amounted to Baht 97.69 million. In addition, the Company had dividend payment from profit arising from the second half of the 2009 operating results amounted to Baht 7.60 million, and paid interim dividend from profit arising from the first half of the 2010 operating results amounted to Baht 7.60 million and retained earnings amounted to Baht 20.90 million. In 2010, the Company's operating profit amounted to Baht 37.76 million.

In 2011, the Company's equity amounted to Baht 270.07 million, a decrease due to adjusting commitments of employee benefits amounted to Baht 12.71 million and retained earnings. In addition, the Company had dividend payment from profit arising from the second half of the 2010 operating results amounted to Baht 13.50 million, and paid interim dividend from profit arising from the first half of the 2011 operating results amounted to Baht 13.50 million. In 2011, the Company's operating profits amounted to Baht 25.18 million.

The External Auditor's Fee

1) Audit Fee

In 2008, the Company has paid the audit fee to Mrs. Suvanee Kittipanyangam, Certified Public Accountant No. 2899 of Banchikij Co., Ltd. in amount of Baht 790,000 and Baht 820,000 in 2009.

In 2010, the Company has paid the audit fee to Mr. Athipong Athipongsakul, Certified Public Accountant NO. 3500 of ANS Audit Co., Ltd. was Baht 635,000. In 2011, the Company has paid the audit fee to Mr. Sathien Vongsnan, Certified Public Accountant No. 3495 in amount of Baht 805,000 which including the audit fee of its subsidiaries in amount of Baht 225,000.

2) Non Audit Fee

-None-

Factors that may have an effect on the operating results or financial position in the future

-None-