



Management Discussion and Analysis

Operating performance

In 2013, the Company's consolidated revenue from sales and services were 773.88 million baht, decreased by 16.15 million baht (2.04% YoY) due to the fact that a decrease of revenue of sales in government sector. However company's net profit after minority interest amounted to 50.75 million baht, increase by 5.31 million baht (11.70% YoY) driven by an increase in sales of high margin products. Furthermore, there is a reduction in services cost in the subsidiary company, compared with the previous year.

Revenue

The Company's sales were 769.09 million baht, decreased by 17.14 million baht (2.17% YoY) compared with 786.23 million baht in 2012. The decrease in sales was due to decrease sales of control environment products in government sector, electronics sector and foods sector. However, the sales of occupational safety, health and environment products to petrochemical sector and automotive sector were increased according to industrial expansion.

Revenues from services were 4.79 million baht, increased by 0.99 million baht (26.01%YoY) driven by increased in efficiency of water treatment services project.

Revenue Structure	2013		2012		% Change
	Million Baht	%	Million Baht	%	
Occupational Safety, Health and Environment Products	617.29	79.77%	597.17	75.59%	3.37%
Control Environment Products	123.46	15.95%	152.94	19.36%	-19.28%
Water Treatment Products	33.12	4.28%	39.91	5.05%	-17.01%
Total Revenue from sales and services	773.88	100%	790.03	100%	-2.04%

Note * reclassified of products.

Other revenues were 2.79 million baht, comprised of 0.66 million baht from reversal allowance for loss on impairment of assets and 2.13 million baht from other income.

Cost of Sales and Services

In 2013, the Company's cost of sales and services amounted to 540.08 million baht comprising of 536.36 million baht of cost of sales and 3.71 million baht of cost of services. The cost of sales and services decreased by 31.23 million baht (5.47%YoY). The decrease in cost of sales was associated with lower sales revenues, the cost of services was decreased due to decrease of services cost of subsidiary company.

Cost of sales and services in 2013 was accounted for 69.79% of total sales and services revenue resulting in 30.21% of gross profit margin while the cost of sales and services in 2012 was accounted for 72.31% of total sales and services revenue resulting in 27.69% of gross profit margin. The increase of gross profit margin was due to an increase of high gross profit margin products, compared with 2012. Furthermore, the gross profit margin of services business was improved from higher efficiency and no loss in subsidiary company's project as increase in 2012.

Selling and Administrative Expenses

In 2013, Selling and administrative expenses amounted to 168.91 million baht comprised of selling expenses amounted to 79.98 million baht, administrative expenses amounted to 85.58 million baht, bad debt and doubtful account amounted to 1.25 million baht and loss from exchange rate amounted to 2.10 million baht. The increase of selling and administrative expenses was mainly due to increase in expenses from 2 newly established subsidiaries and the loss from exchange rate which was gain in the previous year.

The Company's net profit after minority interest was 50.75 million baht accounted for net profit margin 6.53%, increased by 5.31 million baht from last year (11.70% YoY).

Profitability Ratio

Consolidated	2013	2012*
Gross Profit Margin	30.21%	27.69%
Operating Profit Margin	10.25%	9.72%
Net Profit Margin	6.53%	5.72%
Return on Equity	16.77%	15.87%

Note *Restated

In 2013, the company's return on equity was 16.77%, increase from 15.87% in 2012, due to the fact that the increase portion of high gross profit margin products, while percentage of increase in selling and administrative expenses were lower than percentage of gross profit margin. As the result, the company's operating profit margin and net profit margin were increase.

Financial Position

Consolidated	2013		2012*		% Change
	Million Baht	%	Million Baht	%	
Assets	511.45	100.00%	507.96	100.00%	0.69%
Liabilities	202.75	39.64%	215.99	42.52%	-6.13%
Shareholder's equity	308.70	60.36%	291.97	57.48%	5.73%

Note *Restated

Assets

The Company's total assets as of December 31, 2013 were 511.45 million baht comprised of current assets amounted to 358.62 million baht and non-current assets amounted to 152.83 million baht. Total assets increased by 6.82 million baht (1.34% YoY) from total assets of 507.96 million baht in 2012. The increasing was mainly due to increase in cash and cash equivalent.

Trade receivables

In 2013, the company's trade receivables were amounted to 108.65 million baht which decrease from 2012, due to the decrease in sale volume. Furthermore, the company's credit term policy is at least 30 days, then, the average credit term was 51.91 days which was closely to 2012 at 52.85 days. The company will consider payment term from past performance, sales order and historical payment. Furthermore, the company will recognize allowance for doubtful account by estimated losses that may incurred in collection of receivables which was generally based on collection history, current financial status of account receivables. Accordingly, 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. In 2013, the company decrease allowance for doubtful account by 0.11 million baht, decrease from 0.17 million baht in 2012.

Inventories-net

In 2013, the company's inventories-net were 189.30 million baht, decrease by 6.32 million baht from 2012 or 3.23% (YoY). According to the policy for set up allowance for diminution in value of inventories for obsolete or impaired goods, the company will consider from aging and condition of goods, quick obsolete goods aging over 1 year will be set up allowance for diminution in value of inventories of 50% of inventories value, quick obsolete goods aging over 2 year or impaired goods will be set up allowance for diminution in value of inventories of 100%. In 2013, the Company recorded an allowance for diminution in value of inventories amounted to 3.95 billion baht.

Property, plant and equipment – net

In 2013, Property, plant and equipment - net was 147.85 million baht, decrease by 4.95 million baht from 2012, mainly due to the deduction of depreciation amounted to 11.94 million baht. However, the assets were increase mainly to furniture, office equipment, building improvement and utilities for branch office and information systems improvement of the company, amounted to 5.68 million baht.

Liabilities

The Company's total liabilities as of December 31, 2013 were 206.05 million baht comprised of current liabilities amounted to 178.73 million baht and non-current liabilities amounted to 27.32 million baht. Total liabilities decreased by 9.94 million baht (4.60%YoY) from total liabilities of 215.99 million baht in 2012. The decreased was mainly due to decrease in long-term loan from financial institutions.

The Company had contingent liabilities with financial institution as follows;

Item	Unit : Million Baht		
	Credit Line	Draw down	Remaining
Letters of credits and trust receipt	188.00	36.01	151.99
Promissory Notes	65.00	10.00	55.00
Letters of guarantee	30.70	2.11	28.59
Bank overdraft	56.50	6.64	49.86
Forward exchange contracts: Baht	220.00	15.33	204.67
Forward exchange contracts : USDOLLAR	1.15	0.58	0.57

Shareholders' equity

Shareholders' equity as of December 31, 2013 was 310.52 million baht, increase by 15.73 million baht (5.33% YoY) from 2012, which had shareholders' equity of 294.79 million baht. The increase was the resulting from net profit for the year 2013.

In 2013, the Company had debt-to-equity ratio of 0.65 times, decreased from 0.75 times in 2012 due to the shareholders' equity was increase by 16.73 million baht from retained earnings while liabilities were decreased by 13.24 million baht.

Cash Flow

Cash Flow	Unit : Million Baht	
	Dec 31, 2013	Dec 31, 2012*
Cashflow from (used in) operating activities	60.45	56.55
Cashflow from (used in) investing activities	(4.60)	(5.43)
Cashflow from (used in) financing activities	(30.23)	(46.22)
Net increase (decrease) in cash and cash equivalents	25.62	4.91
Cash and cash equivalents at the end of the year	49.61	23.90

Note *Restated

The Company had net cashflow from operating activities amounted to 60.45 million baht in which the profit from operations before change in operating assets and liabilities amounted to 84.37 million baht. Assets and liabilities from operation were changed mainly due to decrease in trade and other receivables amounted to 2.22 million baht, decrease in inventories amounted to 4.89 million baht, decrease in trade and other payable amounted to 9.63 million baht, increase in employee benefits paid amounted to 8.10 million baht and tax payment amounted to 14.25 million baht.

Cashflow used in investment activities amounted to 4.6 million baht which was cash for acquisition of fixed assets and computer software.

Cashflow used in financing activities amounted to 30.23 million baht due to repayment of long-term loan and repayment of liabilities under long-term lease agreement amounted to 23.15 million baht, interest payment amounted to 3.25 million baht and dividend payment amounted to 35.08 million baht. However, the Company had cash received from bank overdraft and short-term loan from financial institution amounted to 29.19 million baht.

The Company's cash and cash equivalents as of December 31, 2013 was 49.26 million baht increase by 25.72 million baht compared with December 31, 2012.

Liquidity ratio

	2013	2012*
Current Ratio (times)	2.04	1.98
Average collection period (days)	51.91	52.85
Average payment period (days)	59.96	57.42
Average inventories on hand (days)	130.07	119.94
Cash Conversion Cycle (days)	122.02	115.37

Note *Restated

In 2013, the Company's current ratios were 2.04 times, increased by 0.06 times from 2012, due to an increase in current assets of cash and cash equivalents while the current liabilities were at the same level as in 2012

The Company's average collection period was 51.91 days which was closely to 2012 at 52.85 days. The Company's average inventories on hand was 130.07 days, increased by 10.13 days from 2012 due to the company increased purchasing volume of products. And the Company's average payment period was at 59.96 days increased by 2.54 days from 2012, most of purchasing orders were imported goods which allowed longer credit term compared with domestic order.