



Castle Peak Holdings Public Co., Ltd.

Annual Report 2015

รายงานประจำปี 2558

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## MESSAGE FROM THE BOARD OF DIRECTOR

In 2015, the global economy is recovering. This was primarily due to the increase of interest rates for the first time in nearly 10 years by the Federal Reserve (FED) which reflected the confidence in the US economy. Moreover, the EU's economy has been recovered. These two markets are the main garment export markets of Castle Peak Holdings Public Co., Ltd. Therefore, the performance of the company in garment sector in 2015 showed a better performance than those of 2014. Total sales was 1,177,027,119.58 Baht due to the increase number of customers and the depreciation of USD-THA exchange rate. The company's strategy is innovative by using high-technology machines in order to add value to products and increase productivity

In real estate business, there were the fewer number of houses for sell in 2015, compared to 2014 because of the end of projects. In this year, Thailand economic has been slowdown. However, in October 2015, government stimulus measures had announced to reduce transaction fees for buying houses which have positive impact toward the company. Therefore, sales in property development business in year 2015 were 164,026,500 Baht.

Finally, on behalf of Castle Peak Holding Co., Ltd, I highly appreciated all business partners and shareholders for the cooperation in the business. Moreover, I would like to thank to the Board of Directors and all employees for dedication and hard-working. The company will operate successfully in the long run.



Mr.Boonchoo Pongchaloem  
Chairman of the Board of Director

## AUDIT COMMITTEE'S REPORT

The Audit Committee was appointed by the Board of Directors of Castle Peak Holdings Public Company Limited. The Audit Committee consists of 3 Independent Directors, namely Ms.Napaporn Tanawatanyong replaced Ms.Piyada Sooksai who was resigned due to personal matter, Mr.Songsak Wongsunkakorn and Mr. Monthachai Sooksai, who was appointed by the resolution of the Board of Director's Meeting 5/2015 on April 1,2015 to replace Ms.Piyada Sooksai, for the vacanted position. Ms.Napaporn Tanawatanyong chaired the Audit Committee and Ms.Porntip Sripitaksakul, Head of the Internal Audit Division acted as the Committee's secretary. All members of the Audit Committee possess complete qualifications of Independent Directors and Audit Committee members as comply with the regulations of Securities and Exchange Commission Thailand and The Stock Exchange of Thailand.

During the year 2015, the Audit Committee performed its duties and responsibilities independently as assigned by the Board of Directors, and defined in the "Audit Committee Charter". The Audit Committee conducted 4 official meetings, which all three members attended in the Meeting No. 1, 2 and 3/2015. Ms Napaporn Tanawatanyong was absent at the 4/2015 meeting. The Audit Committee meetings involved the management representatives of the Company and its subsidiaries, the external auditor, and the internal auditor to present information and exchange views on recommendations for performance improvement. There was also one meeting between the Audit Committee and the external auditor without the presence of the management team.

The Audit Committee's main accomplishments in 2015 were as follows:

**Review of the financial report.** The Audit Committee reviewed significant information in the quarterly and annual financial statements for 2015 of Castle Peak Holdings Public Company Limited and its subsidiaries. The Audit Committee reviewed the accuracy, completeness, and reliability, including the sufficient disclosure of the financial statements by questioning and listening to the explanations of the management and recommendations from the external auditor. The Audit Committee has agreed to the external auditor's opinion that the Company financial statements were prepared correctly in accordance with generally accepted accounting principles.

**Review of the internal control systems and internal audit report.** The Audit Committee has reviewed the overall internal control systems and the audit reports quarterly, and considered that the Company has installed adequate and appropriate internal control systems for the Company's operations, and has not found any significant deficiency impacting the Company's financial statements. The Internal Audit Division has performed its duty independently and effectively.

**Review of the related transactions or the transactions that might cause conflicts of interest.** The Audit Committee has reviewed those transactions from management's quarterly reports and considered that all related transactions were normal business transactions, and were conducted properly in compliance with relevant rules and regulations. There was correct and adequate disclosure of such information.

**Review of the Company's compliance with the SEC law and other related laws and regulations.** The Audit Committee has not found any significant issue involving violation of laws and regulations.

**Consideration and selection of the auditors.** The Audit Committee has selected and proposed to the Board of Directors to seek approval from the Annual General Shareholders' Meeting to appoint Ms.Kannika Wipanurat (CPA Registration No. 7305) or Mr.Jirote Sirirorote (CPA Registration No. 5113) or Ms.Nonglak Pattanabandith (CPA Registration No. 4713) or Mr.Jadesada Hungsapruet (CPA Registration No. 3759) of Karin Audit Co., Ltd. as the company's auditors for 2016.

On behalf of the Audit Committee



Ms.Napaporn Tanawatanyong

Chairman of the Audit Committee

## REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTS

The company financial statement of Castle Peak Holdings Public Co., Ltd., and subsidiaries have been prepared in conformity with the requirements of the Public Company-Act B.E.2535, the Securities and Exchange Act B.E.2535, the Announcement of The Department of Commercial Registration dated September 14, 2001 issued in accordance with Section II, Paragraph 3 of the Accounting Act B.E.2543, and the accounting statement presented by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements including financial information in the Annual Report. The Financial Statements have been prepared in accordance with generally accepted accounting principles, with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements, as well as being transparent and useful to all shareholders and investors. The Board has also adopted and maintained an appropriate and effective risk management, internal control, so that the company can be reasonably assured that the financial records are accurate, complete and adequate to protect the company assets. These controls also serve as preventive measures against any significant operational risk.

The Board of Directors has appointed an Audit Committee entirely comprising independent directors responsible for the quality of company financial reporting and internal control system. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board is confident that the company has maintained an effective internal control system at an adequate and appropriate level of protection, which can assure the credibility of company and Consolidated Financial Statements as of December 31, 2015.



(Mr.Boonchoo Pongchaloem)

Chairman

## General Information

Castle Peak Holdings Public Co., Ltd.

Public Company Registration No.0107537001056

Head Office: 899 CPH Tower, Petchkasem Road,  
Bangkai Sub-district, Bangkai District,  
Bangkok 10160.  
Telephone: 02-4550300 Fax: 02-4550358-9

E-mail Address: [cph@castlepeak.co.th](mailto:cph@castlepeak.co.th)

Website: [www.castlepeak.co.th](http://www.castlepeak.co.th)

Factory : 697 Petchkasem Road, Bangkai Sub-district, Bangkai District,  
Bangkok 10160

Nature of business: Garment Manufacturing and Property Development

Issued shares: 40,000,000 ordinary shares, Baht 10.00 Per share

Registrar: Thailand Securities Depository Co., Ltd.  
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand  
Tel: 02-009-9000 Fax: 02-009-9991  
SET Contact Center: 02-009-9999

Auditor: Ms.Nonglak Pattanabandith  
Karin Audit Company Limited.  
6 Fl., Room B1, Boonmitr Building,  
138 Silom Road, Bangrak, Bangkok 10500  
Tel: 02-6342484-6 Fax: 02-6342668

Consultant of law: Mr.Atiskit Jedsadayanmeta  
Atiskit Lawyer



## Corporate Business Policy and Business Overview

- Vision

Garment business

To be a high quality outerwear manufacturer and exporter by emphasizing on excellent customer services and high-technological machinery.

Real estate business

To be a real estate developer who develops affordable, high quality horizontal housing projects in good locations and environments.

- Significant changes and developments

Castle Peak Holding Limited Co. initially set up as a Castle Peak partnership, operated in September 1976. The purpose of the business is to produce garments for export overseas. Later on, the company grew bigger and established C.P.G. garment Limited. The main products of the company are jackets, coats, trousers and sportswear using textile fabrics as the raw materials. Products are manufactured under the customers' brand names and the major export markets are United States and the European Union.

Afterward in 1992, the company diversified the core business into the real estate development business. Products are twin houses, detached houses and commercial buildings. Up until now, seven projects have been completed with the value of 3,733 million Baht and three projects are now under construction with the value of 1,393 million Baht

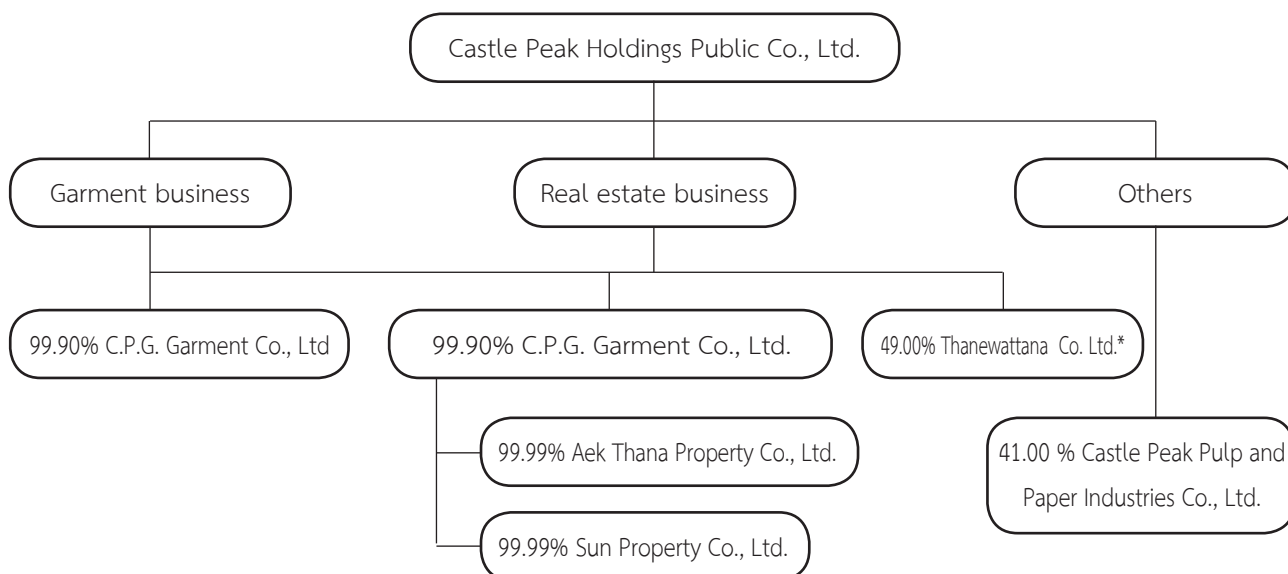
- Shareholding structure for companies under Castle Peak Holding Group

There are two core businesses under Castle Peak Holding group.

- Garment business is operated by Castle Peak Holdings Public Company Limited and C.P.G. Garment Co., Ltd .

- Real estate business is operated by Castle Peak Holdings Public Company Limited, Castle Peak Real Estate Co., Ltd , Aek Thana Property Co., Ltd and Sun Property Co., Ltd.

Shareholding structure and delegation of operational duties among companies within the group



\*No operation

## Corporate Business Nature

There are two core businesses under Castle Peak Holding group which are garment business and real estate business. For 2015, the company's group could achieve total sales which can be classified into garment business and real estate business at the ratio of 87.77 and 12.23 respectively.

### Revenue structure

#### Garment business

Operating by	% Shareholder	2015		2014		2013	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100.00	711.08	53.02	616.51	46.38	545.35	45.59
C.P.G. Garment Co., Ltd	99.90	<u>465.95</u>	<u>34.74</u>	<u>396.91</u>	<u>29.86</u>	<u>455.42</u>	<u>38.07</u>
		<u>1,177.03</u>	<u>87.77</u>	<u>1,013.42</u>	<u>76.24</u>	<u>1,000.77</u>	<u>83.66</u>

#### Real estate business

Operating by	% Shareholder	2015		2014		2013	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100.00	57.21	4.27	136.00	10.23	56.81	4.75
Castle Peak Real Estate Co., Ltd	99.99	49.76	3.71	79.29	5.96	72.80	6.09
Aek Thana Property Co., Ltd *indirect	99.98	57.06	4.25	100.61	7.57	65.77	5.50
* Owned by Castle Peak Real Estate Co., Ltd		<u>164.03</u>	<u>12.23</u>	<u>315.9</u>	<u>23.76</u>	<u>195.38</u>	<u>16.34</u>
		<u>1,341.06</u>	<u>100.00</u>	<u>1,329.32</u>	<u>100.00</u>	<u>1,196.15</u>	<u>100.00</u>



## Investment

Castle Peak Holdings Public Co., Ltd. invested in Companies at 10 percent or more of the issued shares as of December 31, 2015.

Companies	Registered office		Registered Capital	% Shareholding	Nature of Business
C.P.G.Garment Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok 10160	Baht	31,200,000.00	99.90	Garment Manufacturing
Castle Peak Real Estate Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok 10160	Baht	200,000,000.00	99.99	Real Estate Development
Castle Peak Pulp & Paper Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok 10160	Baht	100,000,000.00	41.00	Pulp and Paper
Thaneewatana Co., Ltd. *	1174/4 Phahon Yothin Rd., Chatuchak, Bangkok Tel: 02-9129455 Fax: 02-5869189	Baht	3,750,000.00	49.00	Real Estate Development

\* Pending operation

Castle Peak Real Estate Co., Ltd.(subsidiary) invested in Companies as of December 31, 2015.

Companies	Registered office		Registered Capital	% Shareholding	Nature of Business
Aek Thana Property Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok 10160	Baht	30,000,000.00	99.99	Real Estate Development
Sun Property Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok 10160	Baht	3,750,000.00	99.99	Real Estate Development

**Garment business**

- Order cancellation by customers. Since the company manufactures products such as jacket, coat, pants and sportswear under the customers' trademarks and designs with the agreement to deliver products on time. If the company fails to meet those requirements, there is a chance of order cancellation. In case that case, goods cannot be sold to the other buyers because they are copyrighted products. In case of missing the confirmed shipment date, it is better to transport by air than the whole order cancellation.

- Exchange rate fluctuation: 98 % of the company's finished goods is exported in US dollar currency and 83 % of imported materials is also in US dollar. Export to import ratio is 100 per 51. So the exchange rate fluctuation between the U.S. dollar and Baht is necessarily to manage since the appreciation of the baht has a significant impact on the profits of the company.

- Natural disaster: the company has set up plan to monitor natural risks such as flood, fire and earthquake. In case of fire, evacuation trainings are regularly set up and all safety equipments are visually inspected. Moreover, business insurance is purchased to protect the company's assets

**Real Estate Development Business**

- Political instability: political uncertainty has influence on the sales of house because it decreases the consumer confidence. As a result, consumers delay the buying decision.

- Flood: The real estate sector is affected directly and indirectly from the flood. Houses in flooded areas have to reconstruct and the consumers' buying decisions become reluctant. Moreover, consumers may change their minds to buy projects located in no flood areas. However, the government sector has set up teams to prevent flood.

- More strict credit requirements of financial institutions: Most of buyers need to loan from banks to buy houses. Therefore, if there are more strict credit requirements of financial institutions to house buyers, they might be able to loan money.

## Shareholders

### Castle Peak Real Estate Co., Ltd

The first 10 major shareholders of Castle Peak Holdings Public Co., Ltd., as of December 30, 2015.

	No. of shares	% of shareholding
Mr.Boonchoo Pongchaloem	11,880,048	29.70
Thailand Securities Depository Co., Ltd.	11,814,736	29.54
Ms.Vanee Tempitayakom	3,400,000	8.50
Ms.Kankorn Jirayucharoensook	1,972,000	4.93
Ms.Vinida Kulsompob	1,659,900	4.15
Mr.Pongchai Pongchaloem	1,600,000	4.00
Mr.Udomsak Chotivichit	1,453,466	3.63
Mr.Pusak Pongchaloem	1,426,266	3.57
Ms.Benjaporn Limcharoenngern	1,400,000	3.50
Ms.Patchamon Jirayucharoensook	1,251,563	3.13

Mr.Boonchoo Pongchaloem and his family hold the total 19,736,504 shares, to be 49.34 % of total issued shares.

### C.P.G. Garment Co., Ltd

C.P.G. Garment Co., Ltd operates the same business as Castle Peak Holdings Public Co., Ltd . The registered capital is 31,200,000 Baht and fully-paid registered capital is 31,200,000 Baht. The issued shares are 6,240 ordinary shares, 5,000 Baht Per share.

	No. of shares	% of shareholding
Castle Peak Holdings Public Co., Ltd	6,234	99.90
Mr.Boonchoo Pongchaloem	3	0.05
Mr.Puthep Pongchaloem	3	0.05

### **Dividend Payment Policy**

The company's dividend payment policy is 30 % of net profit. However, the final decision would be based on the sufficiency of operating cash flow, investment plan and other laws

The subsidiaries 'dividend payment policy is 70 % of net profit. However, the final decision would be based on the sufficiency of operating cash flow, investment plan and other laws

## Management Structure

### ● The Board of Directors

Name	Position	No. of meeting	Attendant
Mr.Boonchoo Pongchaloem	Chairman	21	20
Mr.Pumit Pongchaloem	Vice-Chairman	21	21
Mr.Liu Chor Ting	Director	21	21
Mr.Wu Man Fun	Director	21	21
Ms.Pilin Janyaniwat	Director	21	21
Ms.Piyada Sooksai*	Independent Director	21	4
Ms.Napaporn Tanawatanyong	Independent Director	21	13
Mr.Songsak Wongsunkakorn	Independent Director	21	14
Mr.Monthachai Sooksai**	Independent Director	21	9

\* Ms.Piyada Sooksai resigned on March 31, 2015 from Independent Director and Audit Committee and Ms.Napaporn Tanawatanyong was selected to be the Chairman of Audit Committee, replaced Ms.Piyada Sooksai

\*\* Mr.Monthachai Sooksai became Independent Director and Audit Committee on April 1, 2015

The Audit Committee, by name:

1. Ms.Napaporn Tanawatanyong      Chairman of the Audit Committee
2. Mr.Songsak Wongsunkakorn      Auditing Director
3. Mr.Monthachai Sooksai      Auditing Director

Ms.Napaporn Tanawatanyong who is adequate expertise and experience to audit creditability of the financial reports.

The Board of Directors of C.P.G. Garment Co., Ltd, the subsidiaries which operate in the same business sector as Castle Peak Holding Public Co., Ltd.

Name	Position	No. of meeting	Attendant
Mr.Boonchoo Pongchaloem	Chairman	9	9
Mr.Puthep Pongchaloem	Vice-Chairman	9	9
Mr.Pumit Pongchaloem	Director	9	9

## Management Structure (Cont.)

### ● Executive Committee

The Executive Committee of Castle Peak Holding Public Co., Ltd. on December 31 2015, by name:

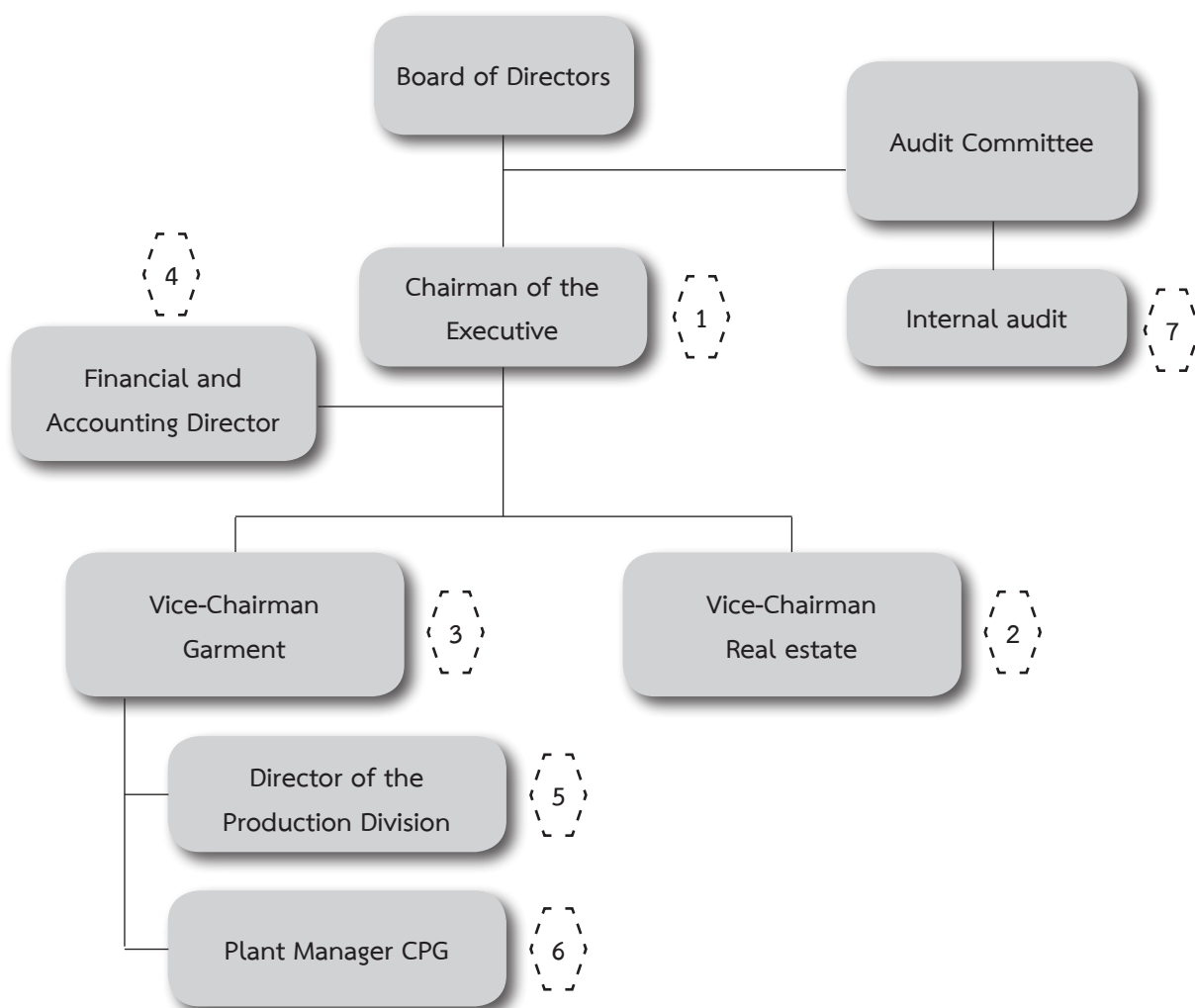
- |                              |  |
|------------------------------|--|
| 1. Mr.Boonchoo Pongchaloem   | Chairman of the Executive Committee      |
| 2. Mr.Pumit Pongchaloem      | Vice-Chairman of the Executive Committee |
| 3. Mr.Liu Chor Ting          | Vice-Chairman of the Executive Committee |
| 4. Ms.Vinida Kulsompub       | Financial and Accounting Director        |
| 5. Mr.Wu Man Fan             | Director of the Production Division      |
| 6. Ms.Pilin Janyaniwat       | Plant Manager                            |
| 7. Ms.Porntip Sripitucksakul | Internal Audit Manager                   |
| 8. Ms.Natpaphat Chuthepthip  | Accounting Manager                       |

The Executive Committee of C.P.G.Garment Co., Ltd. on December 31 2015, by name:

- |                            |  |
|----------------------------|--|
| 1. Mr.Boonchoo Pongchaloem | Chairman of the Executive Committee      |
| 2. Mr.Liu Chor Ting        | Vice-Chairman of the Executive Committee |
| 3. Ms.Vinida Kulsompub     | Finance and Accounting Division          |
| 4. Ms.Pilin Janyaniwat     | Plant Manager                            |

## Management Structure (Cont.)

Organizational charts of Castle Peak Holding Public Co., Ltd.  
and C.P.G. Garment Co., Ltd.



## Management Structure (Cont.)

- Secretary of the Company: Ms.Onticha Pongchaloem

- **Monetary Remuneration**

Remuneration received by Company directors from January to December 2015

	Board of Directors' Meeting Fees (Baht)	Audit Committee's Meeting Fees (Baht)	Total (Baht)
Mr.Boonchoo Pongchaloem	-	-	-
Mr.Liu Chor Ting	-	-	-
Mr.Pumit Pongchaloem	-	-	-
Mr.Wu Man Fun	-	-	-
Ms.Pilin Janyaniwat	-	-	-
Ms.Piyada Sooksai	30,000.00	10,000.00	40,000.00
Ms.Napaporn Tanawatanyong	120,000.00	35,000.00	155,000.00
Mr.Songsak Wongsunkakorn	120,000.00	20,000.00	140,000.00
Mr.Monthachai Sooksai	90,000.00	15,000.00	105,000.00
	360,000.00	80,000.00	440,000.00

Remuneration for directors of subsidiaries: None

(b) Remuneration for executive directors and executives in 2015:

- The 6 persons of the Garments Business Group received, as salaries and bonuses 11,309,919 Baht.

- The 5 persons of the Real Estate Development Business Group received, as salaries and bonuses 4,587,700.00 Baht.

(c) Other forms of remuneration: None



## Management Structure (Cont.)

### • Employees

Number of Employees

	2015 (Person)	2014 (Person)	2013 (Person)
Garment Business	2,110	1,891	2,512
Real Estate Business	48	59	44
Total	2,158	1,950	2,556

Remunerations and types of remunerations to employees in 2015

- Garment business 393,925,520 Baht
- Real Estate Development business 19,910,680 Baht
- Types of remunerations to employees are salary, wages, bonuses, overtime, incentive, grade and food.

### Employee development's policy

Garment industry is a labor incentive industry. As a result, the company provides regular trainings to employees in the factories to be more efficiency

## Management Profile

### Mr.Boonchoo Pongchaloem

Age: 80

- Authorized Director

Education: Bachelor Degree - Mathematics Jinan University of China

Position	Chairman/Chairman of the Executive Committee	Castle Peak Holdings Public Co., Ltd.
	Chairman/Chairman of the Executive Committee	CPG Garment Co., Ltd.
	Chairman/Chairman of the Executive Committee	Castle Peak Real Estate Co., Ltd.
	Director	Castle Peak Pulp & Paper Co., Ltd.
	Director/Executive Committee	Aek Thana Property Co., Ltd.
	Executive Committee	Sun Property Co., Ltd.
	Director	Thaneewatana Co., Ltd.

Shareholdings:as of December 31, 2015 hold 11,880,048 shares 29.70%

Change number of shares in year 2015 -No-

### Mr.Pumit Pongchaloem

Age: 40

- Authorized Director

Relation: Mr.Boonchoo's son

Education: Bsc. Construction Management – Leeds Metropolitan University

Position:	Director / Vice Chairman	Castle Peak Holdings Public Co., Ltd.
	Director / Vice Chairman	CPG Garment Co., Ltd.
	Director / Vice Chairman	Castle Peak Real Estate Co., Ltd.
	Director/Executive Committee	Aek Thana Property Co., Ltd.
	Executive Committee	Sun Property Co., Ltd.

Shareholdings:as of December 31, 2015hold 666 shares 0.00%

Change number of shares in year 2015 - No -

## Management Profile (Cont.)

### Mr.Liu Chor Ting

Age: 58

- Authorized Director

Education: Bachelor Degree - Social Science Chu Hoi College, Hongkong  
DAP - IOD

Position: Director / Vice Chairman Castle Peak Holdings Public Co., Ltd.  
Vice Chairman CPG Garment Co., Ltd.

Shareholdings: as of December 31, 2015 - No -  
Change number of shares in year 2015 -No-

### Ms.Vinida Kulsomphob

Age: 40

Education: Bachelor's Degree – Statistical Accounting Chulalongkorn University

Position: Financial and Accounting Manager Castle Peak Holdings Public Co., Ltd.  
Financial and Accounting Manager C.P.G. Garment Co., Ltd.  
Financial and Accounting Manager Castle Peak Real Estate Co., Ltd.  
Financial and Accounting Manager Aek Thana Property Co., Ltd.  
Financial and Accounting Manager Sun Property Co., Ltd.

Shareholdings: as of December 31, 2015 hold 1,659,900 shares 4.15 %  
Change number of shares in year 2015 -No-

### Mr.Wu Man Fun

Age: 63

Education: High School - Macau  
DAP - IOD

Position: Director / Production Director Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2015 - No -  
Change number of shares in year 2015 -No-

### Ms.Pilin Janyaniwat

Age: 53

Education: High School , DAP - IOD

Position: Director / Executive Committee Castle Peak Holdings Public Co., Ltd.  
Factory Manager CPG Garment Co., Ltd.

Shareholdings: as of December 31, 2015 hold 66 shares 0.00%  
Change number of shares in year 2015 -No-

## Management Profile (Cont.)

### Ms.Piyada Sooksai

Age: 60

Education: Master Degree - Business Administration Chulalongkorn University  
DCP - IOD

Position: Independent Director/Chairman Audit Committee Castle Peak Holdings Public Co., Ltd.  
Consultant TMTG (Thailand) Co., Ltd.

Shareholdings:as of December 31, 2015 - No -

Change number of shares in year 2015 -No-

\* Resigned on March 31,2015

### Mr.Songsak Wongsunkakorn

Age: 80

Education: Advance Diploma Hong Kong

Position: Independent Director / Audit Committee Castle Peak Holdings Public Co., Ltd.  
Management Committee Srma Jewelry Co., Ltd.

Shareholdings:as of December 31, 2015 - No -

Change number of shares in year 2015 -No-

### Ms.Napaporn Tanawatanyong

Age: 49

Education: MBA Marketing, Leeds University UK  
B.A.Accounting, Bangkok University

Position: Independent Director/Chairman Audit Committee Castle Peak Holdings Public Co., Ltd.  
Director RSM Advisory ( Thailand ) Ltd

Shareholdings:as of December 31, 2015 - No -

Change number of shares in year 2015 -No-

\*Became chairman of Audit Committee on April 1, 2015

## Management Profile (Cont.)

### Ms.Monthachai Sooksai

Age: 61

Education: MBA Chulalongkorn University

Bachelor of Economics, Kasetsart university

Position: Independent Director / Audit Committee Castle Peak Holdings Public Co., Ltd.

Shareholdings:as of December 31, 2015 - No -

Change number of shares in year 2015 -No-

\* Started on April1, 2015

### Ms.Porntip Sirpitucksakul

Age: 55

Education: Master Degree – Accountancy Chulalongkorn University

Position: Internal Audit Manager Castle Peak Holdings Public Co., Ltd.

Shareholdings:as of December 31, 2015 hold 100 shares 0.00%

Change number of shares in year 2015 -No-

### Ms.Natpaphat Chuthepthip

Age: 51

Education: Bachelor's Degree - Accountancy Prince of Songkla University

Position: Accounting Manager Castle Peak Holdings Public Co., Ltd.

Accounting Manager C.P.G. Garment Co., Ltd.

Shareholdings:as of December 31, 2015 - No -

Change number of shares in year 2015 -No-

- **Good Corporate Governance**

The Board of Directors recognizes the importance of good corporate governance as a major factor in enhancing the efficiency of the organization. The company therefore conducts its business in line with the principle of good corporate governance, to generate trust in investors and stakeholders, which form a basis for sustainable growth.

The Board of Directors adapts of the Stock Exchange of Thailand's principles of good corporate governance for listed company in so far as they are sufficient, prudent, and suitable or fit to the business environment.

1. Shareholder rights

The company held its Annual Ordinary Shareholders' Meeting on 27th April 2015. The Company prepares a notice to call the shareholders' meeting complete with an agenda with each item complemented by an opinion of the Board of Directors. The notice and agenda are distributed together with the annual report and proxy form with relevant details, at least 7 days in advance of the meeting. The Company publicizes the notice to call shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting. 2015 Annual General Meeting was attended by 36 shareholders and proxies holding 29,905,697 shares or 74.76%. At the shareholder's meeting, Board of Directors was present and acted as chairman. Other directors participating in the meeting included Managing Director, Members of Executive Committee, and the Chairman of the Audit Committee as well as other Board members, who were present to jointly answer shareholders' inquiries and provided further clarifications. The external auditor and management also attended the shareholders' meeting. The board of directors reported the previous performance and satisfactorily answered all inquiries from shareholders and also considered the shareholder's suggestion and comment. Before commencing the meeting Corporate Secretary explained the method of vote. The resolution of the meeting was recorded in the minutes.

2. Equitable Treatment of Shareholders

Following the Board of Directors' resolution to call each shareholder's meeting, the Company announces the meeting schedule along with the agenda through the SET's communication channels. The Company prepares a notice to call the shareholders' meeting complete with an agenda with each item complemented by an opinion of the Board of Directors. The notice and agenda are distributed together with the annual report and proxy form with relevant details, at least 7 days in advance of the meeting. The Company provided the names and relevant personal records of directors to be retired by rotation and who are proposed to be re-appointed for another term in the annual report which is submitted to the shareholders prior to the meeting. The Company publicizes the notice to call shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.

In the meeting, the company facilitated shareholders who attend the meeting in person, or those are proxy holders. The Meeting proceeded in accordance with the scheduled agenda without adding further agenda items. Voting ballots were used at the meeting, and the results of the voting on each agenda item were announced at the meeting.

The Board of Directors recognizes the importance of conflicts of interest, connected transactions, or related party transactions and has proceeded in accordance with the principle of good corporate governance. In the event that company has to scrutinize matters where there exists or potentially exists conflicts of interest, connected transactions, or related party transactions, directors who are related persons must not participate in the scrutiny and approval of such transaction.

### 3. Rights of Stakeholders

Much consideration is given to the interests of each of various groups of stakeholders in the Company. As it is understood that the participation of stakeholders can have a positive effect on the Company on an on-going basis, considerable effort is made to safeguard the interests of each group.

**Shareholders:** The Company aims to represent the best interests of shareholders by concentrating on long-term growth and value. The Company undertakes to provide decent and continuous returns to shareholders while being transparent and accurate in its disclosure of information.

**Customers:** The Company shall strive to achieve high customer satisfaction and promote relations based on mutual interest by developing value-added products and service. The Company also put in every effort in both technology and R&D to differentiate our product and service from our competitors, providing all customers' need and punctuality.

**Employees:** The employees are the main important core of the company in propelling the future of the company. The Company provides equitable employment conditions and maintains a safe and conducive working environment. The Ministry of Labor, The department of Labor Protection and Welfare has recognized the company's effort and has awarded the highest TLS 8001-2003 Labor and Welfare certificate on the 20th December 2006.

**Suppliers:** Company complies with the terms and conditions of trade. All parties have good relationships. The criteria for selecting partners is the quality of the product, expertise and experience, reputation and fair prices.

**Creditors :** Company is committed to conducting business with the principles and discipline in order to build trust with creditors. The company will adhere to the contract and its terms such as on-time payment of loans , interest and collateral. If any case cannot abide by the agreement , company will inform in advance to find solutions.



Competitors: The Company advocates and supports free trade and conducts its business within the rules of competition on the basis of fairness, ethics, and conformity with legal and regulatory requirements.

Communities and Environment: The Company places a high priority on its social responsibilities especially to the environment and local communities. It meets these responsibilities by thoroughly implementing effective environmental protection and safety systems helping to reduce air pollution around the communities.

#### Sustainable resources

Company supports the energy saving and reuse or recycle of office equipments such as double-sided paper, turning off lights during breaks and using stairs instead of elevators.

#### The intellectual property or copyright.

Company has a policy of operating on non-infringement of intellectual property or copyright, especially, when company manufactures brand names products. This rule is strictly inhibited in order to gain trust from customers.

#### 4. Disclosure and Transparency

As endorsed by the Board of Directors, disclosing information adequately to stakeholders and maintaining transparency and integrity in the company's operation are integral to the Company's corporate governance policy. In compliance with the SET's regulations, the Company discloses its corporate governance report in the annual report and the annual statement (Form 56-1) through SET channels.

The Board of Directors responsibility of correctness and completeness of financial report by issuing The Report of The Board of Directors' responsibilities for financial statements and Audit Committee's Report have disclosed in annual report.

In addition, the Company has disclosed the duties of the Board of Directors and committees, including the number of meetings attended by each director, and have also disclosed the remuneration policy, type and details with respect to directors and management. In 2015, the shareholders approved remuneration for the Board of Directors and the Audit Committee in the shareholders' meeting. Approval of remuneration to audit committees was a monthly allowance 10,000 per person and the Chairman of the Audit Committee 10,000 Baht 5,000 Baht for each meeting. The total remuneration for high level management and executives of the company in the form of salary and agreed benefits are listed in the annual report and the annual statement (Form 56-1).

Institution and individual investors, analysts and concerned government agencies can communicate directly with the company at E-Mail Address: [onticha@castlepeak.co.th](mailto:onticha@castlepeak.co.th) or the company's website [www.castlepeak.co.th](http://www.castlepeak.co.th)

## 5. Responsibilities of the Board

### Board structure

In 2015, the Board of Directors comprises 8 directors. 5 Management directors, 3 independent directors (Among them, all are appointed as Audit Committee Members). The Board of Directors appoints members of the Audit Committee whose qualifications comply with the SET rules which defines that the Audit Committee shall consist of at least 3 independent directors, and at least one of them must have knowledge and experience in accounting and finance.

The Company's directors may hold the position for 3 years accordance to company regulations and may be voted back when the term expires.

The Board of Directors has set up committees to strengthen good corporate governance and support its administration and any legal issues involved within the company.

### Subcommittees

- Corporate management consists of three committees, namely the Board of Directors, the Audit Committee, and the Executive Committee.

#### 1. The Board of Directors' scope of authority and duties comprises:

- Performance of its duties according to law, the objectives and regulations of the company, and resolutions of shareholders' meetings.
- Compliance with the directives and rules of supervisory and controlling bodies.
- Protection of the interests of shareholders. Every shareholder is to be treated equally in receiving accurate information and news about the Company.
- Determining policies and operational plans, and supervising and controlling all managers to ensure their efficient implementation of the said policies and plans.
- Approval of transactions to buy or sell an asset, to incur a debt, or undertake an obligation valued at 50 million baht or more.

#### 2. The Audit Committee's scope of authority and duties comprises:

- Ensuring that the Company's financial reports are accurate, complete, and credible.
- Ensuring that the company implements and appropriate and efficient internal monitoring system.
- Considering and proposing an independent auditor for the Company.
- Ensuring the Company's compliance with all relevant laws and regulations.
- Ensuring that conflicts of interest do not occur.
- Producing a management report from the Audit Committee, to be published in the Company's annual report.

- Performance of any other duties assigned to it by the Board of Directors.

#### 3. The Executive Committee's scope of authority and duties comprises:

- Acceptance of the policies and operational plans of the Board of Directors.
- Ensuring that the Company's operations are implemented efficiently in order to achieve corporate objectives.

- Submitting reports, plans, and operational results to the Board of Directors.
- Approval of transactions to buy or sell an asset, to incur a debt, or undertake an obligation valued at no more than 50 million baht. Transactions are authorized by CEO and management team.
- Performance of any other duties assigned to it by the Board of Directors.

● **Selection of directors and executives**

1 Independent director

Principles in the selection of independent directors which are proposed by the Board of Directors, and should be:

1. Knowledgeable, competent, and experience.
2. Capable of devoting time to the Company, attending meetings of the Board of Directors or Audit Committee, performing the duties assigned to him/her, and offering advice.
3. Free of court-ordered liens, bankruptcy proceedings, or any real or apparent incapacity.
4. Not subject to government prosecution, sentencing, or any criminal proceedings related to fraud or malfeasance.
5. Clear of all attributes, as set down by the Securities Exchange Commission and the Stock Exchange of Thailand, that would disqualify him/her from being an independent director.

2 Methods of Selecting Directors and Executives

Method of Selecting Directors

Directors are selected according to the Public Company Act, except for article 70. Corporate regulations provide for the appointment of directors in a meeting of shareholders. Each shareholder has as many votes as he/she has shares. One shareholder must use all his/her votes for one or more nominees, and may not divide his/her votes in any way.

The number of directors from major shareholders each group: not specified.

The rights of minor shareholders to appoint directors: Every shareholder has one vote per share.

Method of Selecting Executives

Executives are considered on the basis of their knowledge, capabilities, and experience, together with the suitability of these for the duties and responsibilities in question.

● **Supervision of operations of subsidiaries and associated companies.**

1. Representatives are assigned to be directors and executives in subsidiaries and associates in accordance.
2. Defining the scope and authority of directors and executives to participate in important business decisions.
3. The financial statements, performance and related person are fully opened.

• **Monitoring the use of internal information**

The Board of Directors, audit committees and management team, together with directors of the company and its subsidiary companies, must acknowledge and abide by the right of equal access principle to be informed about the company's news and information. They must strictly adhere to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and must not disclose the company's internal information for personal interest or gain, whether directly or indirectly.

Penalties include both those prescribed by the Office of the Securities and Exchange Commission and those stipulated by The Company's Board of Directors.

The company instructs insiders to refrain from any purchase or sales transaction of company for the period of 1 month prior to the disclosure of financial statements to the public. Company directors and management members were required by the company to report their shareholding status. In case of any change to The Securities and Exchange Commission according to article 59 of The Securities and Exchange Act B.E. 2535. Moreover, Purchase or sales transaction of company shares is added to all board of director meeting.

• **Auditor's remuneration**

Audit fees

The company and its subsidiaries' auditor is Ms. Nongluk Pattanabandit, Karin Audit. Audit fees for the quarter and year 2015 is total 1,680,000 Baht. Details are below

Company	Audit fees for Q 1, Q 2 and Q 3	Audit fees for the year	BOI	Total
Castle Peak Holdings Public Co.,Ltd (Consolidated)	210,000	85,000		295,000
Castle Peak Holdings Public Co.,Ltd	270,000	420,000	10,000	700,000
C.P.G. Garment Co., Ltd	195,000	240,000		435,000
Castle Peak Real Estate Co., Ltd	54,000	55,000		109,000
Aek Thana Property Co., Ltd	51,000	50,000		101,000
Sun Property Co., Ltd	30,000	10,000		40,000
<b>Total audit fee</b>				<b>1,680,000</b>

Other services – other related expenses are paid no more than 15,000 Baht for the quarterly audit and 40,000 Baht for yearly audit. During 2015, the company and its subsidiaries made payment for other services in amount of 85,000 Baht

## Management Discussion and Analysis: MD&A

### • Financial Overview

	Consolidated				Separated		Unit : Baht
	2015		2014		2013		
	2015	2014	2014	2013	2015	2014	
Current Assets	992,234,240.83	927,566,524.54	868,821,001.13	709,947,077.23	682,091,097.87	617,424,369.61	
Total Assets	1,511,213,798.93	1,433,398,396.07	1,419,805,761.46	1,350,429,934.23	1,278,208,383.02	1,266,349,444.21	
Current Liabilities	566,170,629.59	509,842,946.51	547,198,395.73	517,941,713.63	475,477,388.73	488,102,717.36	
Total Liabilities	652,748,299.85	588,981,692.04	603,314,051.20	559,439,166.02	513,026,329.03	516,835,370.24	
Equity	858,465,499.08	844,416,704.03	816,491,710.26	790,990,768.21	765,182,053.99	749,514,073.97	
Book Value	21.46	21.11	20.41	19.77	19.13	18.74	
Sales	1,341,053,619.58	1,329,318,491.53	1,196,146,718.22	792,350,890.82	767,080,032.23	648,212,891.09	
Total Revenues	1,379,152,794.40	1,372,431,790.50	1,250,289,459.17	829,126,545.59	803,992,901.59	699,025,928.10	
Gross Profit	187,428,634.73	140,812,435.64	76,024,457.42	102,536,888.17	75,450,582.33	27,107,829.79	
Operating Profit	78,678,126.00	17,512,072.20	(33,558,462.50)	48,910,280.18	25,114,274.13	(26,472,159.70)	
Net Profit	50,473,300.32	(13,573,294.28)	(64,129,432.69)	25,808,714.22	(20,665.92)	(52,226,000.66)	
Earnings per Share	1.26	(0.34)	(1.60)	0.65	0.00	(1.31)	

## Management Discussion and Analysis: MD&A (Cont.)

### Financial Ratios

		Consolidated			Separated		
		2015	2014	2013	2015	2014	2013
Liquidity ratio							
- Current Ratio	(Times)	1.75	1.82	1.59	1.37	1.43	1.26
- Quick Ratio	(Times)	0.46	0.44	0.42	0.34	0.27	0.32
- Cash Flow from Operation Ratio	(Times)	0.00	0.15	(0.21)	0.07	0.08	(0.32)
-Account receivable Turnover Ratio	(Times)	6.25	8.91	6.24	4.94	6.94	4.38
-Average collection period	(Days)	57.60	40.38	57.73	72.90	51.84	82.28
-Inventory turnover ratio	(Times)	38.10	25.23	17.12	61.76	34.46	20.40
-Average sales period	(Days)	9.45	14.27	21.03	5.83	10.45	17.65
-Accounts payable turnover ratio	(Times)	14.05	14.59	15.19	15.68	14.33	12.52
-Payment period	(Days)	25.63	24.68	23.69	22.96	25.13	28.76
- Cash Cycle	(Days)	41.42	29.97	55.07	55.76	37.16	71.17
Profitability Ratio							
- Gross Profit Ratio	%	13.98	10.59	6.36	12.94	9.84	4.18
- Operating Profit Ratio	%	5.87	1.32	(2.81)	6.17	3.27	(4.08)
-Other Profit Ratio	%	2.76	3.14	4.33	4.44	4.59	7.27
-Cash to profitability Ratio	%	(2.72)	443.94	283.47	70.41	154.11	493.44
-Net Profit Ratio	%	3.66	(0.99)	(5.13)	3.11	0.00	(7.47)
- Return on Equity	%	5.93	(1.63)	(7.66)	3.35	0.00	(6.73)
Efficiency Ratio							
- Return on Assets	%	3.43	(0.95)	(4.80)	1.96	0.00	(4.34)
- Return on Fixed Assets	%	18.92	2.87	(10.97)	16.75	6.67	(13.99)
-Assets turnover	(Times)	0.94	0.96	0.94	0.63	0.63	0.58
Financial Ratio							
- Debt to Equity Ratio	(Times)	0.76	0.70	0.74	0.71	0.67	0.69
- Interest Coverage Ratio	(Times)	(0.09)	4.53	(5.56)	1.43	1.66	(7.37)
-Coverage ratio	(Times)	(0.03)	1.63	(1.18)	0.40	0.53	(1.34)
-Dividend payout ratio	%	-	-	-	-	-	-

- **Overview of the business and significant changes**

Total sales in garment business in 2015 raised 16.14 percent from year 2014. There was 1,177,027,119.58 Baht of sales in 2015, compared to 1,013,417,491.53 Baht of sales in year 2014. The reasons were the increase number of customers from USA and the depreciation of exchange rate USD to THB which made export revenues increase. The company's strategy is innovative by using high-technology machines in order to add value to products and increase productivity. However, there are also challenges to the company in 2015. Thailand is less competitive in cost of production in term of labor cost. The minimum wage is higher than any other manufacturers in the region. Therefore, the company continuously trains workers and sewers to work more effectively.

In real estate business, the company continues to develop projects which sell houses in cheap, good standard of buildings, great locations and nice environment in 2015. There are three on-going projects. Siwarat 9 and Siwarat 10 are nearly sold out so there were the fewer number of houses for sell this year, compared to 2014. Moreover, a new project, Siwarat 11, is under utilities construction. In this sector, there are many challenges to the company in 2015. The supply of real estate sector was weak due to Thailand economic slowdown. In addition, the market becomes more competitive since many companies switch from condominiums or high-end project to selling houses in suburban areas and target medium-to-low incomes customers' segment. However, there is a supportive factor in October 2015. Government stimulus measures had announced to reduce transaction fees for buying houses which made the sales increase in Quarter 4. As a result, total sales in real estate business were 164,026,500 Baht in 2015, compared to 315,901,000 Baht in 2014. Sales decreased 48.08 percent.

- **Results of the operations**

The company's ability to make profits in 2015 was higher than in 2014. The gross profit ratio of 2015 was 13.98 % in the consolidated financial statement, compared to 10.59 % in 2014. Also the gross profit ratio of 2015 was 12.94% in the separate financial statement, compared to 9.84 % in 2014. The reasons were the increase number of customers and the depreciation of exchange rate USD to THB. Moreover, the operating profit ratio of 2015 was 5.87 % in the consolidated financial statement, compared to 1.32% in 2014 and the operating profit ratio of 2015 was 6.17% in the separate financial statement, compared to 3.27 % in 2014. This shows the better control of selling and administrative costs. Also, the net profit ratio of 2015 was 3.66 % in the consolidated financial statement, compared to (0.99%) in 2014 and the net profit ratio of 2015 was 3.11% in the separate financial statement, compared to 0 % in 2014. This shows more profit was generated in business in 2015 than in 2014. Finally, return of equity (ROE) of 2015 was 5.93 % in the consolidated financial statement, compared to (1.63%) in 2014 and ROE of 2015 was 3.35% in the separate financial statement, compared to 0 % in 2014.



Explanations divided by the nature of business are below

**Garment business:**

Total sales in garment business in year 2015 were 1,177,027,119.58 Baht, compared to 1,013,417,491.53 Baht of sales in year 2014. It raised 163,609,628.05 Baht or 16.14 percent. The reasons were the increase number of customers and the depreciation of exchange rate USD to THB. The currency's depreciation was from the trend that the US Federal Reserve (Fed) will raise interest rate. The average exchange rate USD to THB was 34.2477 in 2015, while the average exchange rate USD to THB was 32.4798 in 2014. So, revenue from export increased. Cost of goods sold in 2015 was 1,047,128,806.70 Baht, compared to 953,793,548.92 Baht in 2014. It increased 93,335,257.78 Baht or 9.79 percent. However, the percentage of increase in cost is lower the percentage of increase in sales. Sales and administrative costs showed 119,490,678.64 Baht in 2015 and 113,231,610.32 Baht in 2014. It increased 6,259,068.32 Baht or 5.53 percent. Therefore, net profit before equity gain (loss) in investment in associates was 22,942,813.05 Baht in year 2015 and (38,650,377.80) Baht in 2014. It increased 61,593,190.85. Castle Peak Holdings Ltd. holds 41 percent direct and indirect investment in Castle Peak Pulp and Paper Industries Co. Ltd (Thailand) and Yueyang Fengli Pulp and Paper Industry Co., Ltd which operate in pulp and paper industry, located in the Republic of China. The Company recognizes equity loss from investment in associates in 2015. However, When the Company free from corporate guarantee to loans, it reverses provision and recognizes as income. This result equity gain (loss) from investment in associates 17,029,921.23 Baht for the year 2015, compared to (8,734,906.77) Baht in 2014. Finally, there was a net profit of 39,972,734.28 Baht in year 2015, compared to a loss of 47,385,284.57 Baht in year 2014. The profit increased 87,358,018.85 Baht

**Real estate business:**

Total sales in property development business in year 2015 were 164,026,500 Baht, compared to 315,901,000 Baht of sales in year 2014. It decreased 151,874,500 Baht or 48.08 percent. The reasons were the fewer number of houses for sell in Siwarat 9 and Siwarat 10 in 2015, compared to 2014 and the Thailand economic slowdown. Moreover, the market becomes more competitive since many companies switch from condominiums or high-end project to selling houses in suburban areas and target medium-to-low incomes customers' segment. Cost of goods sold in 2015 was 106,496,178.15 Baht, compared to 234,712,506.97 Baht in 2014. It decreased 128,216,328.82 Baht or 54.63 percent because of less number of houses sold. Sales and administrative costs showed 44,343,7235.14 Baht in 2015 and 44,229,510.55Baht in 2014. It increased 114,224.59 Baht or 0.26 percent. However, in October 2015, government stimulus measures had announced to reduce transaction fees for buying houses which made the sales in Quarter 4 increase. As a result, there was a profit of 10,516,907.27 Baht in year 2015, compared to a profit of 33,807,672.93 Baht in year 2014. Net profit decreased 23,290,765.66 Baht

• **Assets Management**

The company's assets management in 2015 was more efficiency than in 2014. Return on Assets (ROA) in 2015 was 3.43 in the consolidated financial statement, compared to (0.95) in 2014. ROA in 2015 was 1.96 in the separate financial statement, compared to 0 in 2014. This shows greater ability to generate profits from the company's assets. The total asset turnover ratio of 2015 was 0.94 in the consolidated financial statement, compared to 0.96 in 2014. Also total asset turnover ratio of 2015 was 0.63 in the separate financial statement, compared to 0.63 in 2014. Moreover, the receivables turnover ratio of 2015 was 6.25 in the consolidated financial statement, compared to 8.91 in 2014. Account receivables turnover ratio of 2015 was 4.94 in the separate financial statement, compared to 6.94 in 2014. This shows the less effectiveness in collecting debts in 2015.

The consolidated financial statements as of 31 December 2015 display the total assets 1,511,213,798.93 Baht, compared to the total assets 1,433,398,396.07 Baht in 2014. The change is 77,815,402.86 Baht or accounts for 5.43 percent. The detail of change is below

**Garment business:**

- Trade and other account receivables in December 31, 2015 was 214,567,258.15 Baht. This decreased from December 31, 2014 amount 65,445,480.05 Baht or 43.89 percent. Reasons were there are more goods exported Quarter 4 in 2015 more than in 2014 which sold in credit term. So the number of invoices has not reached due dates increase.

- Garment inventories in term of raw materials and work in process at December 31, 2015 was 232,944,417.69 Baht. This increased 19,402,038.36 Baht or 9.09 percent from year 2014. Reasons were goods are scheduled shipment dates in 2016 and materials were purchased for production in 2016.

- Short term loans to related parties decreased 8,383,572.00 Baht or 3.33 percent

- Other current assets decreased 35,520,143.48 Baht or 34.66 percent due to change in accounting categories. The deposit of Kiatnakin Bank amount of 21,865,594.98 Baht, classified in Other current assets in 2014 was changed to deposits with commitment in 2015

- Lands, machines and equipments decreased 17,399,736.76 Baht or 5.68 percent from asset depreciation.

**Real estate business:**

- Inventories in real estate sector in December 31, 2015 were 183,151,056.14 Baht. This increased from last year 48,304,487.12 Baht or 35.82 percent.

- Investment properties decreased 6,410,172.52 Baht or 5.47 percent due to depreciation and sales of land in Siwarat3 project, located in Omnoi sub-district, Krathumbaen district, Sanutsakorn province.

The ageing of account receivable is in note no.7 in financial statement.

## • Liquidity Ratios

### Sources and uses of funds

There was no significant change in the sources and uses of funds in operations. The company has strong relationships with customers and suppliers. However, in the consolidated financial statements as at December 31, 2015, cash flow from operations showed (2,142,580.62) Baht which came from the increase in operating assets as follow:

- Trade and other receivables increased 65,485,748.53 Baht because export products sold in credit term.
- Inventories in garment business increased 19,624,155.09 Baht
- Inventories in real estate increased 48,283,687.88 Baht because houses were not transferred the ownership.

In 2015, there was from an increase of short-term loans from financial institutions which used as working capital to support the business expansion. Debt to equity ratio (D/E ratio) of 2015 was 0.76 in the consolidated financial statement, compared to 0.70 in 2014. Moreover, debt to equity ratio of 2015 was 0.71 in the separate financial statement, compared to 0.67 in 2014. However, overall, the company's funding comes from debts less than equity.

### The adequacy of liquidity

The current ratio was 1.75 in 2015 and 1.82 in 2014 in the consolidated financial statements and 1.37 in 2015 and 1.43 in 2014 in separate financial statements. These explain the company has sufficient liquidity to operate because the current assets are more than current liabilities.

In real estate business, the company had sufficient liquidity to operate. There were only 0.03 percent of overdue payments from customers in Siwarat 9 and 0.01 % in Siwarat 10. The below table explains details of payments in December 31, 2015.

Name of projects	Total sales	Total amount due		Received payment		Overdue payment		Payment not due	
		Baht	%of total sales	Baht	%of total amount due	Baht	%of total amount due	Baht	%of total sales
Siwarat 7	131,708,500	131,708,500	100.00	131,708,500	100.00	-	-	-	-
Siwarat 9	507,970,000	466,577,500	91.85	466,452,500	99.97	125,000	0.03	41,412,500	8.15
Siwarat 10	343,274,500	324,962,500	94.67	324,937,500	99.99	25,000	0.01	18,312,000	5.33

## Management Discussion and Analysis: MD&A (Cont.)

Name of projects	Overdue payment		Overdue payment		Overdue payment		Overdue payment	
	No. of buyers	Baht	No. of buyers	Baht	No. of buyers	Baht	No. of buyers	Baht
Siwarat 9	7	125,000	3	32,500	2	65,000	2	30,000
Siwarat 10	3	25,000	3	25,000				

### • Contractual Obligations

The detail in this section shows in note 17 in the company's financial statements.

### • Forward looking

Management team expects the increasing of sales in year 2015 from more orders from US customers. Moreover, if the exchange rate USD-THA continues to depreciate in 2016, the company will benefit from this. In term of labour, the company expects more efficient sewers in 2016.

Real estate business

Management team expects the two ongoing projects, Siwarat 9, Nonthaburi and Siwarat 10, Nakhonpathom, will be ended in 2016. And the new project, Siwarat 11 will start the construction in 2016. Target customers are the low to middle income people. Houses will be sold in reasonable prices and good location. Management team expects good sales from new project.

Investors may access further information details from 56-1 displayed by the company at [www.sec.or.th](http://www.sec.or.th) or at the company website [www.castlepeak.co.th](http://www.castlepeak.co.th)

### 1. Overall policy

Castle Peak Holdings Public has transparency as a main policy to conduct its business. The company emphasizes on operations with fairness, respect for human rights, fair treat workers, responsibility to consumers and responsibility to the environment as ethics in operating businesses.

### 2. Implementation and report preparation.

Castle Peak Holdings Public's practices meet standards both locally and internationally as follows

#### 2.1 ISO 9001:2008.

ISO 9001:2008 quality system focuses on the operation of a fair and responsibility to consumers (Principle 1 and 5 of the SEC.), Goods from the company have to meet customers' standard and satisfaction. Moreover, the company focuses on continuous improvement of processes in manufacturing, and business management.

#### 2.2 Labor standards, Thailand. (TLS 8001-2553)

Thailand's labor standards (TLS 8001-2553) focuses on the respect for human rights (principles of Article 3 of the SEC.) The company complies with labor rules in term of employment and working conditions such as wages, working hours, holidays and safety at work. This brings to the fairness at work and happy work place

#### 2.3 Green industry level 1

Green industry level 1 of the Ministry of Industry proves that company operates with concern on the environment, community and social development (Principles 6 and 7 of the SEC.) The company operates morally by setting the policy to prevent environmental pollution and annoying to surrounding communities

### 3. The business impact on social responsibility: None

### 4. CSR After process

The company has sent representatives to participate in the recycling box on September 3, 2014. The concept is save the World " Reduce the waste by changing the behavior of use: use and help" at the Learning Center Health, Bangkok . The company persuades employees to keep the milk cartons. Then, recycle to produce a green sheet which will be used to build houses and furniture for less fortunate people.

## 5. Anti-corruption

Anti-corruption is one of the company's policy which approved by the Board of Directors as follows.

“The company does not accept corrupt any company prohibits bribery in all its forms, both public and private. The Company's procedures will be reviewed regularly order to match with laws. All directors, executives and employees must abide by this policy. “

Moreover, the company gets the internal control department to be responsible for risk assessment and policies.

## 6. Whistle Blowing

In order to maintain good corporate governance, company is open for all stakeholders to notify all illegal or unethical corruption activities to

Company Secretary

899 CPH Tower, Petchkasam Road,

Bangkae Sub-district, Bangkae District,

Bangkok 10160. Email : Onticha@castlepeak.co.th

Telephone: 02-4550300

Protection

1. Whistleblowers can choose not to identify themselves, to avoid insecurity or damage.
2. Company will keep the information confidential and taking into account the safety of whistleblowers.

## Internal control and risk management

- **Summary of the Board of Directors' opinions toward the company's internal control system.**

The Board of director held the meeting on December 25, 2014. The committees assess five components of internal control by using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. It includes internal control system, risk assessment, the operational control system, the information systems and evaluation system. In conclusion, the committees all agree that the company has a good internal control.

- **The Audit Committees express their opinions that there is no any important problem found in the operation.**

There are four audit committee's meetings in 2015.

- 1st meeting on February 25, 2015.
- 2nd meeting on May 13, 2015.
- 3rd meeting on August 13, 2015.
- 4th meeting on November 12, 2015.

- **Head of Internal Audit**

Ms.Pornpip Sripitaksakul, the head of internal audit is a qualified internal auditor. She works effectively and strictly. Any appointment, transfer or dismissal of this position needs the approval by the Audit Committee.

## Related transaction

First transaction	Castle Peak Holdings Public Co., Ltd and Castle Peak Pulp and Paper Industries Co., Ltd.
Type	Investment with registered capital THB 100,000,000
Relationship	Castle Peak Holdings Public Co., Ltd invested 41% of the shares and Success Real Estate Co., Ltd 59% of the shares
Reason	Investment in an associate which manufactures pulp and paper in Republic of China.
Second transaction	Castle Peak Holdings Public Co., Ltd and Castle Peak Pulp and Paper Industries Co., Ltd.
Type	Financial support in the ratio of investment
Relationship	Castle Peak Holdings Public Co., Ltd provides financial support in maximum of 41%
Reason	Provide financial support to an associate which manufactures pulp and paper in Republic of China



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Castle Peak Holdings Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Castle Peak Holdings Public Company Limited and its subsidiaries, and of Castle Peak Holdings Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2015, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate 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.

### Basis of Qualified Opinion

As discussed in Note 11 to the financial statements, investments in associates are recorded by using the equity method in the consolidated financial statements. The share of comprehensive income (loss) of said associates in the consolidated statement of comprehensive income amounted to Baht (19.39) million for the year ended December 31, 2015, was computed from the financial statements which have been audited by other auditors.

### Opinion

In my opinion, except for the effect of adjustments, if any, as might have been affected to the consolidated financial statements for the year 2015 from the recording of the investment in associates by equity method based on the financial statements which have been audited by other auditors as described in the basis of qualified opinion paragraph, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2015 and the financial performance and cash flows for the year then ended of Castle Peak Holdings Public Company Limited and its subsidiaries, and of Castle Peak Holdings Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

(Ms. Nonglak Pattanabandith)  
Certified Public Accountant  
Registration No. 4713

Karin Audit Company Limited  
Bangkok  
February 27, 2016

## STATEMENTS OF FINANCIAL POSITION

### CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2015	2011	2015	2014
Assets					
Current assets					
Cash and cash equivalents	6	48,527,790.43	74,230,480.92	16,864,006.58	15,581,917.25
Trade and other accounts receivable	7	214,567,258.15	149,121,778.10	160,443,031.72	110,460,955.41
Inventories					
- Garment business	8	235,726,907.68	215,202,752.59	149,533,861.57	150,501,498.24
- Real estate business	9	183,151,056.14	134,846,569.02	68,679,359.34	63,509,392.43
Short-term loans to related parties	5	243,295,190.00	251,678,762.00	253,095,190.00	256,478,762.00
Other current assets	10	66,966,038.43	102,486,181.91	61,331,628.02	85,558,572.54
Total current assets		992,234,240.83	927,566,524.54	709,947,077.23	682,091,097.87
Non-current assets					
Long-term loans and interest receivable to related party	5	79,948,147.19	42,381,707.22	79,948,147.19	42,381,707.22
Investments in subsidiaries and associates	11	3,028,596.44	22,423,120.47	274,007,380.00	274,007,380.00
Other long-term investments		1,157,675.00	1,280,245.00	986,500.00	1,081,700.00
Property, plant and equipment	12	289,011,482.19	306,411,218.95	147,461,149.43	161,311,872.53
Investment properties	13	110,732,483.76	117,142,656.28	111,134,138.76	112,078,025.28
Deposits with commitment	17	22,195,817.61	328,941.34	21,865,594.98	-
Deferred tax assets	18	353,287.86	3,372,575.86	-	-
Other non - current assets		12,552,068.05	12,491,406.41	5,079,946.64	5,256,600.12
Total non - current assets		518,979,558.10	505,831,871.53	640,482,857.00	596,117,285.15
Total assets		1,511,213,798.93	1,433,398,396.07	1,350,429,934.23	1,278,208,383.02
Liabilities and equity					
Current liabilities					
Overdrafts and short - term loans from financial institutions	14	433,186,018.52	396,751,789.26	320,307,350.70	291,964,254.85
Trade and other accounts payable	15	86,899,516.65	77,342,353.61	47,918,742.55	40,082,238.66
Short-term loans from a related party	5	-	-	122,247,000.00	122,747,000.00

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

## STATEMENTS OF FINANCIAL POSITION (Cont.)

### CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2011	2015	2014
Advances received under contract to buy and to sell		2,710,500.00	4,910,000.00	1,618,000.00	2,120,000.00
Income tax payable		75,337.39	2,430,230.43	-	-
Other current liabilities	16	43,299,257.03	28,408,573.21	25,850,620.38	18,563,895.22
Total current liabilities		566,170,629.59	509,842,946.51	517,941,713.63	475,477,388.73
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	17	2,000,000.00	-	-	-
Liability under finance lease		185,266.35	295,318.11	-	-
Deferred tax liabilities	18	41,839,829.91	44,153,357.42	17,673,515.39	19,284,433.30
Employee benefit obligations	19	42,552,574.00	34,690,070.00	23,823,937.00	18,264,507.00
Total non - current liabilities		86,577,670.26	79,138,745.53	41,497,452.39	37,548,940.30
<b>Total liabilities</b>		<b>652,748,299.85</b>	<b>588,981,692.04</b>	<b>559,439,166.02</b>	<b>513,026,329.03</b>
<b>Equity</b>					
Share capital					
Authorized share capital					
40,000,000 common shares, Baht 10 par value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Issued and paid - up share capital					
40,000,000 common shares, Baht 10 par value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Premium on ordinary shares		164,000,000.00	164,000,000.00	164,000,000.00	164,000,000.00
Retained earnings					
Appropriated - legal reserve		31,839,616.42	30,539,616.42	31,839,616.42	30,539,616.42
Unappropriated		87,319,130.11	26,243,314.14	116,038,311.93	83,196,885.64
Other components of equity		175,276,512.55	223,603,473.47	79,112,839.86	87,445,551.93
Equity attributable to owners of the Company		858,435,259.08	844,386,404.03	790,990,768.21	765,182,053.99
Non-controlling interests		30,240.00	30,300.00	-	-
<b>Total equity</b>		<b>858,465,499.08</b>	<b>844,416,704.03</b>	<b>790,990,768.21</b>	<b>765,182,053.99</b>
<b>Total liabilities and equity</b>		<b>1,511,213,798.93</b>	<b>1,433,398,396.07</b>	<b>1,350,429,934.23</b>	<b>1,278,208,383.02</b>

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

## STATEMENTS OF COMPREHENSIVE INCOME

### CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Revenue from sales	5	1,341,053,619.58	1,329,318,491.53	792,350,890.82	767,080,032.23
Cost of sales	5	1,153,624,984.85	1,188,506,055.89	689,814,002.65	691,629,449.90
<b>Gross profit</b>		<b>187,428,634.73</b>	<b>140,812,435.64</b>	<b>102,536,888.17</b>	<b>75,450,582.33</b>
Dividend income	5	13,500.00	-	6,399,996.16	-
Interest income	5	20,219,381.59	19,412,710.81	20,769,813.60	19,703,300.73
Gain on exchange rate		7,729,736.96	10,218,253.22	3,444,006.40	5,819,996.65
Other income	5	10,136,556.27	13,482,334.94	6,161,838.61	11,389,571.98
<b>Profit before expenses</b>		<b>225,527,809.55</b>	<b>183,925,734.61</b>	<b>139,312,542.94</b>	<b>112,363,451.69</b>
Selling expenses		50,035,709.33	54,069,649.52	29,192,910.99	30,711,337.80
Administrative expenses		113,843,895.45	103,609,106.12	61,209,351.77	56,537,839.76
Total expenses		163,879,604.78	157,678,755.64	90,402,262.76	87,249,177.56
Equity loss (gain) from investment in associates, net	11	(17,029,921.23)	8,734,906.77	-	-
<b>Profit (loss) before financial costs and income tax expense</b>		<b>78,678,126.00</b>	<b>17,512,072.20</b>	<b>48,910,280.18</b>	<b>25,114,274.13</b>
Financial costs	5	25,971,268.50	23,865,486.93	24,712,483.87	24,039,409.11
<b>Profit (loss) before income tax</b>		<b>52,706,857.50</b>	<b>(6,353,414.73)</b>	<b>24,197,796.31</b>	<b>1,074,865.02</b>
Income tax expense (income)	21	2,233,557.18	7,219,879.55	(1,610,917.91)	1,095,530.94
<b>Profit (loss) for the year</b>		<b>50,473,300.32</b>	<b>(13,573,294.28)</b>	<b>25,808,714.22</b>	<b>(20,665.92)</b>
<b>Other comprehensive income</b>					
Revaluation increment in land and buildings	12	-	62,650,166.07	-	19,610,807.42
Currency translation change in an associate	11	(36,424,445.27)	(8,621,844.81)	-	-
<b>Other comprehensive income before income tax expense</b>		<b>(36,424,445.27)</b>	<b>54,028,321.26</b>	<b>-</b>	<b>19,610,807.42</b>
Income tax expense for other comprehensive income	21	-	12,530,033.21	-	3,922,161.48
<b>Other comprehensive income (loss) for the year - net of income tax expense</b>		<b>(36,424,445.27)</b>	<b>41,498,288.05</b>	<b>-</b>	<b>15,688,645.94</b>
<b>Total comprehensive income for the year</b>		<b>14,048,855.05</b>	<b>27,924,993.77</b>	<b>25,808,714.22</b>	<b>15,667,980.02</b>
<b>Profit (loss) attributable to :</b>					
Owners of the Company		50,473,300.32	(13,573,294.28)	25,808,714.22	(20,665.92)
Non-controlling interests		-	-	-	-
<b>Profit (loss) for the year</b>		<b>50,473,300.32</b>	<b>(13,573,294.28)</b>	<b>25,808,714.22</b>	<b>(20,665.92)</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		14,048,855.05	27,924,993.77	25,808,714.22	15,667,980.02
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>14,048,855.05</b>	<b>27,924,993.77</b>	<b>25,808,714.22</b>	<b>15,667,980.02</b>
Basic earnings (loss) per share		1.26	(0.34)	0.65	(0.00)
Weighted average number of ordinary shares (shares)		40,000,000	40,000,000	40,000,000	40,000,000

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

## STATEMENTS OF CHANGES IN EQUITY

## CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

Consolidated financial statements										
	Note	Other components of equity					Equity			
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Revaluation increment in land and building	Currency translation changes in indirect associate	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>Balance as of January 1, 2014</b>		400,000,000.00	164,000,000.00	30,539,616.42	29,933,046.43	146,872,184.50	45,046,290.08	816,391,137.43	100,572.83	816,491,710.26
Changes in ownership interests in subsidiary										
Acquisition of non-controlling interests without a change in control	11	-	-	-	(26,067.54)	96,340.37	-	70,272.83	(70,272.83)	-
Comprehensive income for the year :										
Profit (loss)		-	-	-	(13,573,294.28)	-	-	(13,573,294.28)	-	(13,573,294.28)
Other comprehensive income		-	-	-	-	50,120,132.86	(8,621,844.81)	41,498,288.05	-	41,498,288.05
Total comprehensive income for the year		-	-	-	-	50,120,132.86	(8,621,844.81)	41,498,288.05	-	27,924,993.77
Transfer to retained earnings		-	-	-	9,909,629.53	(9,909,629.53)	-	-	-	-
<b>Balance at December 31, 2014</b>		400,000,000.00	164,000,000.00	30,539,616.42	26,243,314.14	187,179,028.20	36,424,445.27	844,386,404.03	30,300.00	844,416,704.03
Changes in ownership interests in subsidiary										
Acquisition of non-controlling interests without a change in control	11	-	-	-	-	-	-	-	(60.00)	(60.00)
Comprehensive income for the year :										
Profit (loss)		-	-	-	50,473,300.32	-	-	50,473,300.32	-	50,473,300.32
Other comprehensive income	11	-	-	-	-	(36,424,445.27)	(36,424,445.27)	(36,424,445.27)	-	(36,424,445.27)
Total comprehensive income for the year		-	-	-	50,473,300.32	(36,424,445.27)	(36,424,445.27)	14,048,855.05	-	14,048,855.05
Transfer to legal reserve		-	-	1,300,000.00	(1,300,000.00)	-	-	-	-	-
Transfer to retained earnings		-	-	-	11,902,515.65	(11,902,515.65)	-	-	-	-
<b>Balance at December 31, 2015</b>		400,000,000.00	164,000,000.00	31,839,616.42	87,319,130.11	175,276,512.55	-	858,435,259.08	30,240.00	858,465,499.08

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

# STATEMENTS OF CHANGES IN EQUITY (CONT)

## CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

	Separate financial statements					
	Retained earnings			Other components of equity		
	Issued and paid - up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Revaluation increment in land and building	Total other components of equity
<b>Balance as of January 1, 2014</b>	<b>400,000,000.00</b>	<b>164,000,000.00</b>	<b>30,539,616.42</b>	<b>76,820,486.45</b>	<b>78,153,971.10</b>	<b>78,153,971.10</b>
Comprehensive income for the year :						
Profit (loss)	-	-	-	(20,665.92)	-	-
Other comprehensive income	-	-	-	-	15,688,645.94	15,688,645.94
Total comprehensive income for the year	-	-	-	(20,665.92)	15,688,645.94	15,667,980.02
Transfer to retained earnings	-	-	-	6,397,065.11	(6,397,065.11)	-
<b>Balance as of December 31, 2014</b>	<b>400,000,000.00</b>	<b>164,000,000.00</b>	<b>30,539,616.42</b>	<b>83,196,885.64</b>	<b>87,445,551.93</b>	<b>87,445,551.93</b>
Comprehensive income for the year :						
Profit (loss)	-	-	-	25,808,714.22	-	25,808,714.22
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	25,808,714.22	-	25,808,714.22
Transfer to legal reserve	-	-	1,300,000.00	(1,300,000.00)	-	-
Transfer to retained earnings	-	-	-	8,332,712.07	(8,332,712.07)	-
<b>Balance as of December 31, 2015</b>	<b>400,000,000.00</b>	<b>164,000,000.00</b>	<b>31,839,616.42</b>	<b>116,038,311.93</b>	<b>79,112,839.86</b>	<b>79,112,839.86</b>

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

## STATEMENTS OF CASH FLOWS

### CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) for the year	50,473,300.32	(13,573,294.28)	25,808,714.22	(20,665.92)
Adjustments to reconcile profit (loss) to cash provided by (used in) operating activities :				
Depreciation and amortization	27,620,203.85	25,405,588.23	18,827,120.13	16,856,649.23
Unrealized loss (gain) on exchange rate	(3,437,614.34)	(14,365,897.09)	(2,999,546.85)	(10,005,813.00)
Equity loss (gain) from investment in associates, net	(17,029,921.23)	8,734,906.77	-	-
Allowance for (reversal of) allowance for declining value of inventories - garment business	(900,000.00)	900,000.00	-	-
Allowance for (reversal of) impairment loss on other long-term investments	122,570.00	(268,370.00)	95,200.00	(226,000.00)
Loss (gain) on disposal of assets	(875,923.86)	(1,207,950.64)	103,022.51	(485,819.52)
Loss on assets written-off	-	534,325.53	-	159.00
Interest expense	24,641,953.98	17,147,456.08	24,084,275.32	23,382,230.00
Interest income	(20,219,381.59)	(19,412,710.81)	(20,769,813.60)	(19,703,300.73)
Dividend income	(13,500.00)	-	(6,399,996.16)	-
Employee benefit obligations	10,104,504.00	8,486,324.00	5,739,430.00	4,158,595.00
Income tax expense (income)	2,233,557.18	7,219,879.55	(1,610,917.91)	1,095,530.94
Profit (loss) from operating activities before changes in operating assets and liabilities	72,719,748.31	19,600,257.34	42,877,487.66	15,051,565.00
(Increase) decrease in operating assets:				
Trade and other accounts receivable	(65,485,748.53)	39,911,377.24	(50,028,614.28)	36,337,320.24
Inventories				
- Garment business	(19,624,155.09)	(6,914,134.47)	967,636.67	(11,409,578.82)
- Real estate business	(48,283,687.88)	87,209,208.36	(5,160,827.94)	49,991,572.65
Other current assets	42,703,642.96	(40,991,489.64)	32,606,782.12	(28,965,057.76)
Other non - current assets	68,915.84	(697.50)	105,689.50	(53,590.50)
Increase (decrease) in operating liabilities:				
Trade and other accounts payable	9,486,669.63	(7,926,740.72)	7,769,229.66	(16,067,716.30)
Advances received under contract to buy and to sell	(2,199,500.00)	(1,396,600.00)	(502,000.00)	(1,526,600.00)
Other current liabilities	13,969,138.53	(9,433,672.77)	6,282,006.87	(4,742,300.55)
Employee benefit obligations paid	(2,242,000.00)	(737,000.00)	(180,000.00)	(360,000.00)
Income tax received	1,867,736.96	1,728,976.97	326,337.63	1,229,949.23
Income tax paid	(5,123,341.35)	(3,307,079.24)	(626,886.69)	(782,831.49)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,142,580.62)</b>	<b>77,742,405.57</b>	<b>34,436,841.20</b>	<b>38,702,731.70</b>

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

## STATEMENTS OF CASH FLOWS (CONT)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	2,372,608.19	1,893,738.80	2,642,002.53	2,382,782.02
Dividend received	13,500.00	-	6,399,996.16	-
Loans and advances to related parties	(27,270,000.00)	(30,015,000.00)	(59,003,834.17)	(54,012,283.43)
Proceeds from loans and advances to related parties	10,700,000.00	12,000,000.00	37,433,834.17	33,197,283.43
Cash paid for purchase of investment in a subsidiary	-	-	-	(10,000,000.00)
Cash paid for purchases of property, plants and equipment	(9,268,231.15)	(4,235,100.08)	(4,152,512.97)	(2,889,507.15)
Proceeds from disposal of property, plants and equipment	333,224.30	949,763.86	87,943.93	485,981.52
Cash paid for purchases of investment properties	-	(41,250.00)	-	-
Proceeds from disposal of investment properties	6,200,000.00	1,300,000.00	-	-
Increase in deposits with commitment	(22,195,817.61)	(1,595.76)	(21,865,594.98)	-
Decrease in non-controlling interests	(60.00)	-	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(39,114,776.27)</b>	<b>(18,149,443.18)</b>	<b>(38,458,165.33)</b>	<b>(30,835,743.61)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash paid for interest expense	(23,289,550.55)	(19,181,914.84)	(22,813,307.31)	(25,173,985.76)
Increase in overdrafts and short - term loans from financial institutions	36,954,268.71	9,223,481.69	28,616,720.77	4,660,942.22
Repayment of loans and advances from related parties	-	-	(34,500,498.30)	(3,108,992.94)
Proceeds from loans and advances from related parties	-	-	34,000,498.30	21,708,992.94
Repayment of liability under financial lease	(110,051.76)	(45,681.89)	-	-
Repayment of long - term loans from financial institutions	(48,431,861.49)	(57,363,896.49)	(48,431,861.49)	(39,515,896.49)
Proceeds from long - term loans from financial institutions	50,431,861.49	46,363,693.05	48,431,861.49	39,242,893.05
<b>Net cash provided by (used in) financing activities</b>	<b>15,554,666.40</b>	<b>(21,004,318.48)</b>	<b>5,303,413.46</b>	<b>(2,186,046.98)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(25,702,690.49)</b>	<b>38,588,643.91</b>	<b>1,282,089.33</b>	<b>5,680,941.11</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>74,230,480.92</b>	<b>35,641,837.01</b>	<b>15,581,917.25</b>	<b>9,900,976.14</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>48,527,790.43</b>	<b>74,230,480.92</b>	<b>16,864,006.58</b>	<b>15,581,917.25</b>

### Supplemental disclosures of cash flow information:

#### Non-cash transactions

In 2014, the Company and a subsidiary have revalued their land and buildings which caused increase in value of land and buildings totaling Baht 62.65 million in consolidated financial statements and Baht 19.61 million in separate financial statements.

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



## NOTES TO FINANCIAL STATEMENTS

### CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2015

#### 1. General information

Castle Peak Holdings Public Company Limited (“the Company”) was registered on April 1, 1994, with registration number 0107537001056. The registered office is located at 899 Petchkasam Road, Bangkae Sub-district, Bangkae District, Bangkok.

The principal business activities of the Company and subsidiaries (“the Group”) are garment manufacturing to export and property development.

#### 2. Basis for preparation of the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and subsidiaries (“the Group”). Subsidiaries, whose financial and operating policies are substantially direct or indirect controlled by the Company as follows:

Subsidiaries	Nature of business	Country of incorporation	Percentage of holding	
			2015	2014
<b>Direct :</b>				
C.P.G. Garment Co., Ltd.	Export garment	Thailand	99.90	99.90
Castle Peak Real Estate Co., Ltd.	Real estate	Thailand	99.99	99.99
<b>Indirect :</b>				
Sun Property Co., Ltd.	Real estate	Thailand	99.98	99.98
Sermkit Property Co., Ltd.	Real estate	Thailand	-	99.98
Aek Thana Property Co., Ltd.	Real estate	Thailand	99.98	99.98

Investment in other companies in which the Company significant influence is shown as “Investments in associates” under equity method in the consolidated financial statements, and record under cost method for the separate financial statements.

#### 3. Basis of preparation of the financial statements

##### 3.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS effective for annual accounting periods beginning on or after January 1, 2015. These standards are relevant and have an impact to the Group to the Group:

TAS 1 (revised 2014)	Presentation of financial statements
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The statement of comprehensive income has been represented, accordingly.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the group, except for disclosures.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial statements beginning on or after January 1, 2016 and have not been adopted in the preparation of these financial statements. These standards have a significant change and are relevant to the Group:

TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 36 (revised 2015)	Impairment of assets
TFRS 8 (revised 2015)	Operating segments

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

The management has assessed and considered that the above revised standards will not have a material impact on the Group.

### 3.2 Basis of measurement

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

### 3.3 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group's functional currency.

### 3.4 Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

#### 4. Significant accounting policies

##### 4.1 Income

4.1.1 Revenues from the sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

4.1.2 Revenues from the sales of real estate development projects are recognized when the construction works are completed and the ownerships have been transferred to buyers.

4.1.3 Revenue from services is recognized when the services have been rendered.

4.1.4 Interest income is recognised on an accrual basis based on the effective interest rate.

4.1.5 Rental income is recognised as revenue over the period of the lease term.

4.1.6 Dividend income is recognised when obtain the right to receive the dividend.

4.1.7 Other income is recognised on an accrual basis.

##### 4.2 Expenses

4.2.1 Expenses are recognized on an accrual basis.

4.2.2 Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

4.2.3 Finance costs comprise interest expense and unwinding of the discount on provisions and contingent consideration . Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

##### 4.3 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, saving deposits, call and highly liquid short-term investments.

Deposits restricted in use are shown as other non-current assets.

#### 4.5 Trade and other accounts receivable

Trade and other accounts receivable are carried at anticipated realizable value after allowance for doubtful receivables. An allowance is estimated on the basis of management's assessment of long overdue debts which may not be collectible. Bad debts are written off during the year in which they are identified.

#### 4.6 Inventories

##### Garment business

The Group values its inventories at the lower of cost or net realizable value. Inventories are valued as follows:

- Finished goods and work in process at specific batch costing
- Raw materials and supplies at moving average.

##### Real estate business

Real estate development projects are presented at lower of cost or net realizable value. Cost comprises expenditure that is directly attributable to the acquisition of land, land improvement, construction cost, utilities, project management cost, borrowing costs and other direct relevance costs to the project.

#### 4.7 Investments in subsidiaries and associates

Investments in subsidiary companies and associates are recorded at cost method in the separate financial statements and investments in associated companies are recorded at equity method in the consolidated financial statements.

#### 4.8 Long-term investment

Investments in securities available for sales are stated at fair value. The diminution of carrying value is represented as unrealized gain or loss in equity.

The Group will consider the impairment of investment whether there is any indication that investment may be impaired. The impairment loss will be recognized as expenses in profit or loss.

#### 4.9 Property, plant and equipment

Equipment is presented at cost less accumulated depreciation and impairment losses.

Land and buildings are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item as follows :

Land improvement	20 - 40 years
Buildings and revaluation surplus	20 - 40 years
Machinery and equipment	5 - 10 years
Furniture, fixture and office equipment	5 - 10 years
Other constructions	20 years
Vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **4.10 Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item as follows:

Building and other constructions	20 years
----------------------------------	----------

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **4.11 Impairment of assets**

The carrying amounts of the Group's assets are reviewed at each report date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimate. Impairment with cost, if assets exceed its recoverable amount, the Group will recognize an impairment loss in profit or loss.

#### Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. All reversals of impairment losses are recognized in profit or loss.

#### 4.12 Trade and other payables

Trade and other payables are stated at cost.

#### 4.13 Employee benefit obligations

The Group's employee benefit obligation in respect of post employment benefits under defined benefit plans recognized in the financial statements based on calculations by the independent actuary using the projected unit credit method estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### 4.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### 4.15 Foreign currency risk

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 4.16 Financial instrument

Financial assets were shown in statements of financial position composed of cash and cash equivalents, loans, investments, trade accounts receivable. Financial liabilities were shown in statements of financial position composed of bank overdrafts, trade accounts payable and borrowings. The accounting policy of each item would be disclosed in separated items. The Group made a foreign exchange forward contract in order to prevent any risks from unstable of exchange rate. A forward contract will determine a fixed exchange rate in the future of assets and liabilities which will be received or paid. Outstanding forward foreign exchange contracts are marked to market by comparing contract rate to forward market rates with similar maturities. At each reporting date, the unrealized gain or losses on outstanding forward foreign exchange contracts are reflected in profit or loss.

### 4.17 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit (loss) for the year attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the year. The Company does not have any other equivalent ordinary share for diluted earnings per share calculation.

### 4.18 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 4.19 Fair value estimation

The Group estimates fair value for land, buildings and investment properties. The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group discloses the fair value measurement of above items in related notes to financial statement.

## 5. Related Party transactions

### 5.1 The related parties and relationship

Parties	Relationship
C.P.G. Garment Co., Ltd.	Subsidiary
Castle Peak Real Estate Co., Ltd.	Subsidiary
Aek Thana Property Co., Ltd.	Subsidiary (indirect owned throughout Castle Peak Real Estate Co., Ltd.)
Castle Peak Pulp & Paper Industries Co., Ltd.	Associate by direct owned
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	Associate (indirect owned throughout Castle Peak Pulp & Paper Co., Ltd.)

## NOTES TO FINANCIAL STATEMENTS (CONT)

5.2 Significant transactions for the years ended December 31, 2015 and 2014, with related parties, were as follows:

		Unit : Baht			
	Pricing policy	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Sales - raw materials and wages</b>	(1)				
C.P.G. Garment Co., Ltd.		-	-	24,058,577.22	14,561,019.99
<b>Interest income</b>	(2)				
C.P.G. Garment Co., Ltd.		-	-	591,223.29	317,343.15
Yueyang Fengli Pulp & Paper Industry Co., Ltd.		1,912,141.19	1,859,367.70	1,912,141.19	1,859,367.70
Castle Peak Pulp & Paper Industries Co., Ltd.		18,241,128.80	17,523,835.29	18,241,128.80	17,523,835.29
<b>Total</b>		<b>20,153,269.99</b>	<b>19,383,202.99</b>	<b>20,744,493.28</b>	<b>19,700,546.14</b>
<b>Income for loan guarantee fee</b>	(2)				
Castle Peak Pulp & Paper Industries Co., Ltd.		3,823,630.12	4,374,999.98	3,823,630.12	4,374,999.98
<b>Dividend income</b>	(3)				
Castle Peak Real Estate Co., Ltd.		-	-	6,399,996.16	-
<b>Purchases - inventories and wages</b>	(1)				
C.P.G. Garment Co., Ltd.		-	-	9,558,829.17	10,976,803.19
<b>Interest expense</b>	(2)				
Castle Peak Real Estate Co., Ltd.		-	-	7,290,557.04	7,495,500.70
<b>Management remuneration</b>		15,897,619.00	15,330,280.00	10,299,879.00	10,628,701.00

Pricing policy are as follows:

- (1) Cost plus margin
- (2) Interest rate at MLR/ MLR+0.25 of a local bank or actual incurred rate
- (3) Upon declaration



## NOTES TO FINANCIAL STATEMENTS (CONT)

5.3 Significant assets and liabilities at December 31, 2015 and 2014, with related parties, were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Trade account receivable</b>				
<b>Subsidiary</b>				
C.P.G. Garment Co., Ltd.	-	-	24,584,705.35	19,302,993.82
<b>Other account receivable</b>				
<b>Associate</b>				
Castle Peak Pulp & Paper Industries Co., Ltd.	34,634,451.91	30,810,821.79	34,634,451.91	30,810,821.79
<b>Short-term loans</b>				
<b>Subsidiary</b>				
C.P.G. Garment Co., Ltd.	-	-	9,800,000.00	4,800,000.00
<b>Associates</b>				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	29,380,190.00	26,833,762.00	29,380,190.00	26,833,762.00
Castle Peak Pulp & Paper Industries Co., Ltd.	213,915,000.00	224,845,000.00	213,915,000.00	224,845,000.00
<b>Total</b>	<b>243,295,190.00</b>	<b>251,678,762.00</b>	<b>253,095,190.00</b>	<b>256,478,762.00</b>
<b>Interest receivables</b>				
<b>Subsidiary</b>				
C.P.G. Garment Co., Ltd.	-	-	591,223.29	310,185.62
<b>Associates</b>				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	706,332.37	669,006.26	706,332.37	669,006.26
Castle Peak Pulp & Paper Industries Co., Ltd.	56,835,688.63	49,097,599.81	56,835,688.63	49,097,599.81
<b>Total</b>	<b>57,542,021.00</b>	<b>49,766,606.07</b>	<b>58,133,244.29</b>	<b>50,076,791.69</b>
<b>Long-term loans and interest receivable</b>				
<b>Long-term loans</b>				
<b>Associate</b>				
Castle Peak Pulp & Paper Industries Co., Ltd.	65,000,000.00	37,500,000.00	65,000,000.00	37,500,000.00
<b>Interest receivable</b>				
<b>Associate</b>				
Castle Peak Pulp & Paper Industries Co., Ltd.	14,948,147.19	4,881,707.22	14,948,147.19	4,881,707.22
<b>Total</b>	<b>79,948,147.19</b>	<b>42,381,707.22</b>	<b>79,948,147.19</b>	<b>42,381,707.22</b>
<b>Trade account payable</b>				
<b>Subsidiary</b>				
C.P.G. Garment Co., Ltd.	-	-	609,916.46	2,383.62
<b>Short-term loans</b>				
<b>Subsidiary</b>				
Castle Peak Real Estate Co., Ltd.	-	-	122,247,000.00	122,747,000.00
<b>Interest payable</b>				
<b>Subsidiary</b>				
Castle Peak Real Estate Co., Ltd.	-	-	641,212.89	667,446.84

## NOTES TO FINANCIAL STATEMENTS (CONT)

5.4 Movement of short-term loans to related parties during the year ended December 31, 2015 were as follows:

Unit : Baht

	Consolidated financial statements						
	December 31, 2014	Increase	(Decrease)	Gain (loss) on exchange rate	Transfers in (out)	December 31, 2015	Interest rate (%)
Loans to Associates							
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	26,833,762.00	-	-	2,546,428.00	-	29,380,190.00	6.75-7.00
Castle Peak Pulp & Paper Industries Co., Ltd.	224,845,000.00	27,270,000.00	(10,700,000.00)	-	(27,500,000.00)	213,915,000.00	6.50-7.00
Total	251,678,762.00	27,270,000.00	(10,700,000.00)	2,546,428.00	(27,500,000.00)	243,295,190.00	

Unit : Baht

Separate financial statements							
	December 31, 2014	Increase	(Decrease)	Gain (loss) on exchange rate	Transfers in (out)	December 31, 2015	Interest rate (%)
<b>Loans to Subsidiary</b>							
C.P.G. Garment Co., Ltd.	4,800,000.00	31,600,000.00	(26,600,000.00)	-	-	9,800,000.00	6.50-6.75
<b>Associates</b>							
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	(1) 26,833,762.00	-	-	2,546,428.00	-	29,380,190.00	6.75-7.00
Castle Peak Pulp & Paper Industries Co., Ltd.	224,845,000.00	27,270,000.00	(10,700,000.00)	-	(27,500,000.00)	213,915,000.00	6.50-7.00
<b>Advances to : Subsidiary</b>							
C.P.G. Garment Co., Ltd.	-	133,834.17	(133,834.17)	-	-	-	None
Total	256,478,762.00	59,003,834.17	(37,433,834.17)	2,546,428.00	(27,500,000.00)	253,095,190.00	

## NOTES TO FINANCIAL STATEMENTS (CONT)

5.5 Movement of long-term loans to a related party during the year ended December 31, 2015 were as follows:

(Unit : Baht)

Consolidated/ Separate financial statements						
	December 31, 2014	Increase	(Decrease)	Transfers in (out)	December 31, 2015	Interest rate (%)
Loans to :						
Associate						
Castle Peak Pulp & Paper Industries						
Co., Ltd. (2)	37,500,000.00	-	-	27,500,000.00	65,000,000.00	6.50-6.75
Total	<u>37,500,000.00</u>	<u>-</u>	<u>-</u>	<u>27,500,000.00</u>	<u>65,000,000.00</u>	

5.6 Movement of short-term loans and advances from related parties during the year ended December 31, 2015 were as follows:

(Unit : Baht)

Separate financial statements					
	December 31, 2014	Increase	(Decrease)	December 31, 2015	Interest rate (%)
Subsidiaries					
Loans from :					
Castle Peak Real Estate Co., Ltd.	122,747,000.00	34,000,000.00	(34,500,000.00)	122,247,000.00	6.50-6.75
Advances from :					
C.P.G. Garment Co., Ltd.	-	498.30	(498.30)	-	None
Total	<u>122,747,000.00</u>	<u>34,000,498.30</u>	<u>(34,500,498.30)</u>	<u>122,247,000.00</u>	

(1) Loan of USD 820,000 bears interest rates at MLR+0.25% p.a.. The principal and accrued interest expense will be repaid within August 24, 2015. However, on August 1, 2015, the Company entered into an amendment to extend the repayment period to August 24, 2016.

(2) The Company has entered into long-term agreements. These loans bear interest rates at MLR, but not over 15% p.a.. The principals and accrued interest expenses will be repaid during the years 2015 and 2016. However, in February 2015 and September 2015, the Company has entered into 3 agreement memorandums in order to extent the repayment schedule from March 31, 2015, September 30, 2015 and October 15, 2015 to March 31, 2018, September 30, 2018 and October 15, 2018, respectively.

Except for the above mentioned, as of December 31, 2015 and December 31, 2014, loans to and loans from related parties are in term of promissory notes, which are due on call, bear interest rate at MLR or MLR+ 0.25% p.a. of a local bank.

These loans to and from related parties have no collateral.

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 6. Cash and cash equivalents

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	95,000.00	105,000.00	40,000.00	45,000.00
Current accounts	41,871,921.45	62,594,317.81	16,740,099.51	15,453,126.00
Saving deposits	6,560,868.98	11,531,163.11	83,907.07	83,791.25
Total	48,527,790.43	74,230,480.92	16,864,006.58	15,581,917.25

### 7. Trade and other accounts receivable

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Trade accounts receivable					
- Related party	5	-	-	24,584,705.35	19,302,993.82
- Other parties		178,279,673.33	114,645,251.09	101,026,534.67	56,779,953.50
Total trade accounts receivables		178,279,673.33	114,645,251.09	125,611,240.02	76,082,947.32
Other accounts receivable					
- Related party	5	34,634,451.91	30,810,821.79	34,634,451.91	30,810,821.79
- Other parties		1,653,132.91	3,665,705.22	197,339.79	3,567,186.30
Total other accounts receivable		36,287,584.82	34,476,527.01	34,831,791.70	34,378,008.09
Total		214,567,258.15	149,121,778.10	160,443,031.72	110,460,955.41

Aging analyses for trade accounts receivable were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Related party				
Within credit term	-	-	3,766,982.56	653,984.72
Over due				
- Not over 3 months	-	-	6,087,804.62	3,176,574.75
- Over 3 months but not over 6 months	-	-	7,230,884.36	2,295,534.07
- Over 6 months but not over 12 months	-	-	7,499,033.81	13,176,900.28
Total	-	-	24,584,705.35	19,302,993.82
Other parties				
Within credit term	169,460,187.99	104,370,816.89	94,510,283.17	51,686,578.14
Over due				
- Not over 3 months	8,819,485.34	10,274,434.20	6,516,251.50	5,093,375.36
Total	178,279,673.33	114,645,251.09	101,026,534.67	56,779,953.50

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 8. Inventories - garment business

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Finished goods	2,782,489.99	2,560,373.26	960,992.02	876,593.79
Work in process	131,393,459.15	115,442,921.16	91,396,817.03	89,415,057.53
Raw materials and supplies	96,664,314.16	84,322,117.68	56,523,620.95	51,893,689.67
Raw materials in transit	4,886,644.38	13,777,340.49	652,431.57	8,316,157.25
Total	235,726,907.68	216,102,752.59	149,533,861.57	150,501,498.24
Less allowance for declining in value of inventories	-	(900,000.00)	-	-
Net	235,726,907.68	215,202,752.59	149,533,861.57	150,501,498.24

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended December 31, 2015 amounted to Baht 1,047.13 million (2014: Baht 953.79 million) in the consolidated statements of comprehensive income and Baht 652.88 million (2014: Baht 580.93 million) in the separate statements of comprehensive income.

In 2015, the Group recognised a reversal of allowance for decline in value of inventories of Baht 0.90 million (2014: a allowance for decline in value of inventories of Baht 0.90 million).

### 9. Inventories- real estate business

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Land	174,325,711.00	132,108,126.00	57,532,215.00	57,532,215.00
Land development	33,625,198.39	28,548,043.39	2,092,252.50	2,092,252.50
Construction in progress	529,198,456.66	439,889,103.61	209,952,435.22	172,224,995.17
Infrastructure	100,043,860.44	85,892,599.49	31,547,794.12	27,633,997.57
Construction development costs	25,781,993.81	21,736,682.54	4,132,247.12	3,668,751.85
Others	680,000.00	680,000.00	-	-
Total	863,655,220.30	708,854,555.03	305,256,943.96	263,152,212.09
Less cumulative costs transferred to cost of sales	(680,504,164.16)	(574,007,986.01)	(236,577,584.62)	(199,642,819.66)
Net	183,151,056.14	134,846,569.02	68,679,359.34	63,509,392.43

As at December 31, 2015, inventories- real estate business of the Company and subsidiaries totaling Baht 173.37 million (2014 : Baht 122.13 million) in consolidated financial statements and Baht 63.62 million (2014 : Baht 57.74 million) in separate financial statements, are mortgaged as collateral for long-term loans (Note 17) and letters of guarantee for construction and maintenance of infrastructures (Note 26).

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 10. Other current assets

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Interest receivables	5	57,542,021.00	49,766,606.07	58,133,244.29	50,076,791.69
Advances for constructions		3,260,970.00	11,146,590.00	-	-
Advances for purchase of raw materials		129,987.28	4,900,249.13	129,987.28	2,614,657.27
Income tax deducted at source		2,423,552.47	3,050,637.82	1,409,718.20	1,109,169.13
Other current assets		3,609,507.68	33,622,098.89	1,658,678.25	31,757,954.45
Total		66,966,038.43	102,486,181.91	61,331,628.02	85,558,572.54

### 11. Investments in subsidiaries and associates

Unit : Baht

Name	Type of business	Paid-in capital (Thousand Baht)	Ownership interest (%)	Consolidated financial statements	
				Investment at equity method	
				2015	2014
Investment in associates :-					
Castle Peak Pulp & Paper Co., Ltd.	Pulp & Paper	100,000	41.00	-	19,390,570.19
Thanee Watana Co., Ltd. <sup>(1)</sup>	Real estate	3,750	49.00	3,028,596.44	3,032,550.28
Total investment in associates				3,028,596.44	22,423,120.47

Unit : Baht

Name	Type of business	Paid-in capital (Thousand Baht)	Ownership interest (%)	Separate financial statements			
				Investment at cost method		Dividend income	
				2015	2014	2015	2014
Investments in subsidiaries :-							
C.P.G. Garment Co., Ltd.	Export garment	31,200	99.90	31,170,000.00	31,170,000.00	-	-
Castle Peak Real Estate Co., Ltd.	Real estate	200,000	99.99	199,999,880.00	199,999,880.00	6,399,996.16	-
Investment in associates :-							
Castle Peak Pulp & Paper Co., Ltd.	Holding	100,000	41.00	41,000,000.00	41,000,000.00	-	-
Thanee Watana Co., Ltd. <sup>(1)</sup>	Real estate	3,750	49.00	1,837,500.00	1,837,500.00	-	-
Total				274,007,380.00	274,007,380.00	6,399,996.16	-

<sup>(1)</sup> Not started its core business.

## NOTES TO FINANCIAL STATEMENTS (CONT)

share of comprehensive income (loss) of two associates in the consolidated statements of comprehensive income for the year ended December 31, 2015 amounted to Baht (19.39) million (2014 : Baht (17.36) million), were computed from the financial statements which audited by other auditors.

On August 31, 2015, Castle Peak Pulp & Paper Co., Ltd. (The Company's associate, invests 99.18% in Yueyang Fengli Pulp & Paper Industry Co., Ltd., a subsidiary located in China) another shareholder of such subsidiary, and other investor have entered into equity transfer agreement in order to transfer 70% of subsidiary's common shares to other investor. Authority, right and interest of the subsidiary will be transferred to mentioned investor when the subsidiary makes payments to Castle Peak Pulp & Paper Co., Ltd. totaling of CNY 145.00 million. As specified in the agreement, term of payments will be made to 2 installments, 1) CNY 118.00 million (the subsidiary already made a payment to Castle Peak Pulp & Paper Co., Ltd.) 2) CNY 27.00 million (outstanding payment).

In November 2015, Castle Peak Pulp & Paper Co., Ltd. has repaid its loan to a financial institution, which is the Company used to be a guarantor. The Company, therefore, free from such obligation.

The Company recognizes equity loss (gain) from investment in Castle Peak Pulp & Paper Co., Ltd. for the period January 1, 2015 to November 30, 2015 amounting to Baht (232.97) million in consolidated profit (loss), and currency translation changes in indirect associate amount to Baht (36.42) million in consolidated other comprehensive income. As of November 30, 2015, investment recorded at equity method and currency translation changes in indirect associate were valued of Baht 0.00 million, provision for loss on guarantee amounting to Baht 250.00 million in consolidated statements of financial position. When the Company free from obligation as afore-mentioned in previous paragraph, it reverses provision and recognizes as income of Baht 250.00 million in consolidated profit (loss). This result equity gain (loss) from investment in Castle Peak Pulp & Paper Co., Ltd. for the year 2015 of Baht 17.03 million in consolidated profit (loss).

On February 15, 2016, the major shareholder of Castle Peak Pulp & Paper Co., Ltd. has submitted an qualify proposal to the Company, offers for purchase 4,100,000 common shares of Castle Peak Pulp & Paper Co., Ltd. and any liabilities Castle Peak Pulp & Paper Co., Ltd owes to the Company (Note 5), all together not lower than Baht 460.00 million. As specified in the proposal, the offeror and the Company have to enter into the sell and purchase agreement by May 2016. The offeror agrees and accepts that all specified regulations and conditions are unable to terminate nor cancel unless written authorized by the Company.

During the year 2015, an indirect subsidiary of the Company (Sermkit Property Co., Ltd.) has been liquidated. The Company has disposed the investment in subsidiary which caused net loss of Baht 0.20 million in the consolidated financial statements.

In July 2014, a subsidiary (C.P.G. Garment Co., Ltd.) increased authorized share capital of Baht 10.00 million. The Company wholly invested in such increment, totaling Baht 10.00 million. The Company's interest in such company therefore, was increased from 99.86% to 99.90%. The Group recognized a decrease in non-controlling interests of Baht 0.07 million, a increase in revaluation increment in land and building of Baht 0.10 million and a decrease in retained earnings of Baht 0.03 million.

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 12. Property, plant and equipment

Unit : Baht

	Consolidated financial statements				As at December 31, 2015
	As at December 31, 2014	Increase	Decrease	Transfer in (out)	
<b>Cost plus revaluation surplus :</b>					
Land and improvement	46,304,335.50	-	-	-	46,304,335.50
Land - revaluation surplus	134,770,313.20	-	-	-	134,770,313.20
Buildings	112,513,872.78	3,648,317.74	-	-	116,162,190.52
Buildings - revaluation surplus	266,729,947.63	-	-	-	266,729,947.63
<b>Cost :</b>					
Machinery and equipment	335,242,956.83	4,597,061.61	(6,264,727.49)	-	333,575,290.95
Furniture and office equipment	119,323,540.33	257,764.52	(800,000.00)	-	118,781,304.85
Leasehold building improvement	3,899,086.28	50,760.00	-	-	3,949,846.28
Other constructions	355,562.61	-	-	-	355,562.61
Vehicles	35,348,734.14	714,327.28	(439,550.00)	-	35,623,511.42
<b>Total cost</b>	<b>1,054,488,349.30</b>	<b>9,268,231.15</b>	<b>(7,504,277.49)</b>	<b>-</b>	<b>1,056,252,302.96</b>
<b>Accumulated depreciation :</b>					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(100,441,886.24)	(1,744,687.15)	-	-	(102,186,573.39)
Building - revaluation surplus	(167,526,475.57)	(14,878,144.56)	-	-	(182,404,620.13)
Machinery and equipment	(316,322,517.34)	(7,846,183.48)	6,073,717.05	-	(318,094,983.77)
Furniture and office equipment	(114,785,147.25)	(1,689,111.21)	799,999.00	-	(115,674,259.46)
Leasehold building improvement	(3,899,085.28)	(4,721.23)	-	-	(3,903,806.51)
Other constructions	(203,115.59)	(17,778.12)	-	-	(220,893.71)
Vehicles	(34,600,504.38)	(296,327.72)	439,547.00	-	(34,457,285.10)
<b>Total accumulated depreciation</b>	<b>(748,077,130.35)</b>	<b>(26,476,953.47)</b>	<b>7,313,263.05</b>	<b>-</b>	<b>(767,240,820.77)</b>
<b>Net</b>	<b>306,411,218.95</b>	<b>(17,208,722.32)</b>	<b>(191,014.44)</b>	<b>-</b>	<b>289,011,482.19</b>



## NOTES TO FINANCIAL STATEMENTS (CONT)

Unit : Baht

	Separate financial statements				As at December 31, 2015
	As at December 31, 2014	Increase	Decrease	Transfer in (out)	
<b>Cost plus revaluation surplus :</b>					
Land and land improvement	40,104,335.50	-	-	-	40,104,335.50
Land - revaluation surplus	50,596,313.20	-	-	-	50,596,313.20
Buildings	90,343,339.19	-	-	-	90,343,339.19
Buildings - revaluation surplus	177,069,206.03	-	-	-	177,069,206.03
<b>Cost :</b>					
Machinery and equipment	213,511,153.22	3,521,346.17	(540,472.48)	-	216,492,026.91
Furniture and office equipment	72,935,341.28	76,839.52	(800,000.00)	-	72,212,180.80
Vehicles	3,972,680.66	554,327.28	-	-	4,527,007.94
<b>Total cost</b>	<b>648,532,369.08</b>	<b>4,152,512.97</b>	<b>(1,340,472.48)</b>	<b>-</b>	<b>651,344,409.57</b>
<b>Accumulated depreciation :</b>					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(84,203,176.45)	(1,060,111.92)	-	-	(85,263,288.37)
Building - revaluation surplus	(118,358,579.32)	(10,415,890.08)	-	-	(128,774,469.40)
Machinery and equipment	(200,722,283.60)	(5,178,184.23)	349,507.04	-	(205,550,960.79)
Furniture and office equipment	(69,666,700.33)	(1,122,772.25)	799,999.00	-	(69,989,473.58)
Vehicles	(3,971,358.15)	(35,311.15)	-	-	(4,006,669.30)
<b>Total accumulated depreciation</b>	<b>(487,220,496.55)</b>	<b>(17,812,269.63)</b>	<b>1,149,506.04</b>	<b>-</b>	<b>(503,883,260.14)</b>
<b>Net</b>	<b>161,311,872.53</b>	<b>(13,659,756.66)</b>	<b>(190,966.44)</b>	<b>-</b>	<b>147,461,149.43</b>

In 2014, the Company and a subsidiary have revalued their land and buildings by an independence appraiser, Siam Appraisal and Service Co., Ltd.. Land is valued by comparable sale price and buildings are valued by cost approach, level 2 of fair values hierarchy (Note 4.19). These revaluations caused increase in value of land of Baht 31.95 million, and buildings of Baht 30.70 million in consolidated financial statements, and increase in value of buildings of Baht 19.61 million in separate financial statements. These revaluations have been recorded in statements of comprehensive income.

As at December 31, 2015, substantial parcels of land and construction thereon of the Group, with net carrying value of Baht 266.51 million (2014 : Baht 279.72 million) in the consolidated financial statements, and Baht 131.21 million (2014 : Baht 142.92 million) in the separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Group (Note 14).

As at December 31, 2015, the Group had fully depreciated fixed assets which were still in active use at gross carrying value totaling Baht 445.31 million (2014 : Baht 445.87 million) in the consolidated financial statements and Baht 264.64 million (2014 : Baht 260.65 million) in the separate financial statements.

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 13. Investment properties

Unit : Baht

Consolidated financial statements				
	As at December 31, 2014	Increase	Decrease	Transfer in (out)
<b>Cost :</b>				
Land and land improvement	106,599,450.00	-	(7,614,744.00)	-
Buildings and other constructions	37,755,071.56	-	-	-
<b>Total cost</b>	<b>144,354,521.56</b>	<b>-</b>	<b>(7,614,744.00)</b>	<b>-</b>
<b>Accumulated depreciation :</b>				
Land improvement	(80,552.01)	-	-	-
Buildings and other constructions	(22,646,852.37)	(943,886.52)	-	-
<b>Total accumulated depreciation</b>	<b>(22,727,404.38)</b>	<b>(943,886.52)</b>	<b>-</b>	<b>-</b>
<b>Allowance for impairment of assets</b>				
Land	(2,148,458.00)	-	2,148,458.00	-
Buildings and other constructions	(2,336,002.90)	-	-	-
<b>Total allowance for impairment of assets</b>	<b>(4,484,460.90)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>117,142,656.28</b>	<b>(943,886.52)</b>	<b>(5,466,286.00)</b>	<b>-</b>

Unit : Baht

Separate financial statements				
	As at December 31, 2014	Increase	Decrease	Transfer in (out)
<b>Cost :</b>				
Land and land improvement	99,386,361.00	-	-	-
Buildings	33,861,732.66	-	-	-
<b>Total cost</b>	<b>133,248,093.66</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation :</b>				
Land improvement	(80,552.01)	-	-	-
Buildings	(21,089,516.37)	(943,886.52)	-	-
<b>Total accumulated depreciation</b>	<b>(21,170,068.38)</b>	<b>(943,886.52)</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>112,078,025.28</b>	<b>(943,886.52)</b>	<b>-</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS (CONT)

Fair value of investment properties as at December 31, 2015 is as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	At cost	Fair value	At cost	Fair value
Land	71,655,593.00	114,340,000.00	72,057,248.00	99,463,500.00
Land and buildings	39,076,890.76	100,180,000.00	39,076,890.76	100,180,000.00
Total	<u>110,732,483.76</u>		<u>111,134,138.76</u>	

Fair values are appraised values, performed by independence appraisers, Siam Appraisal Service Co., Ltd., UK. Valuations and Agency Co., Ltd. and announced by the Treasury Department, Land is valued by comparable sale price and buildings are valued by cost approach, level 2 of fair values hierarchy (Note 4.19).

As at December 31, 2015, investment properties of the Company, with net carrying value of Baht 26.67 million (2014: amounts of Baht 27.23 million and Baht 49.34 million were mortgaged as collateral for loans from financial institutions of the Company and an associate, respectively) in the consolidated and separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Company (Note 14).

### 14. Overdrafts and short-term loans from financial institutions

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Bank overdrafts	3,297,831.63	5,641,128.25	146,946.93	4,329,343.86
Short - term loans from banks				
- Packing credits	276,915,000.00	254,085,000.00	209,300,000.00	197,000,000.00
- Liability under trust receipts	146,973,186.89	137,025,661.01	104,860,403.77	90,634,910.99
- Promissory notes	6,000,000.00	-	6,000,000.00	-
Total	<u>433,186,018.52</u>	<u>396,751,789.26</u>	<u>320,307,350.70</u>	<u>291,964,254.85</u>

As at December 31, 2015, the Group has credit facilities with several banks totaling Baht 709.42 million (2014: Baht 684.42 million) in the consolidated financial statements and Baht 444.00 million (2014 : Baht 444.00 million) in the separate financial statements. All loans are guaranteed by mortgaging land and construction thereon (Note 12), investment properties (Note 13), and personally guaranteed by certain Company directors.

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 15. Trade and other accounts payable

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Trade accounts payable					
- Related party	5	-	-	609,916.46	2,383.62
- Other parties		70,552,731.42	63,031,157.90	39,490,132.67	33,049,996.72
Total trade accounts payable		70,552,731.42	63,031,157.90	40,100,049.13	33,052,380.34
Other accounts payable					
- Other parties		16,346,785.23	14,311,195.71	7,818,693.42	7,029,858.32
Total		86,899,516.65	77,342,353.61	47,918,742.55	40,082,238.66

### 16. Other current liabilities

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Accrued salary, wages and bonuses		33,493,496.00	18,886,213.00	18,365,518.00	11,137,642.00
Interest payable	5	3,109,110.82	1,735,908.15	2,970,242.82	1,690,135.84
Other current liabilities		6,696,650.21	7,786,452.06	4,514,859.56	5,736,117.38
Total		43,299,257.03	28,408,573.21	25,850,620.38	18,563,895.22

### 17. Long - term loans from financial institutions

Unit : Baht

		Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Current portion of long-term loans		-	-	-	-
Long-term loans		2,000,000.00	-	-	-
Total		2,000,000.00	-	-	-

On August 28, 2014, the Company has entered into an amendment of financial support agreement dated May 17, 2012 to change loan and repayment amounts. In addition, the Company has entered into a loan agreement with the said bank of Baht 118.47 million. These caused a increase in credit line with such bank for the Company's real estate project from Baht 140.35 million to Baht 225.17 million, which consist of 1) loan of Baht 190.17 million and 2) letter of guarantee of Baht 35.00 million. These loans carry interest rate at MLR+1.0% p.a. and guaranteed by mortgaging inventories- real estate business of the Company (Note 9), fixed deposit of the Company of Baht 21.87 million, and personally guaranteed by certain directors. The repayment amount to free / withdraw the collateral of each unit will not less than the summation of land value of such unit and 115% of construction value, and the Company agrees to repay principle together with interest as follows;

## NOTES TO FINANCIAL STATEMENTS (CONT)

Repayment period from agreement date	Repayment principle together with interest (Baht)
Within 12 months	580,000
Within 13 to 36 months	69,820,000
Within 37 to 60 months	134,100,000
Within 72 months	Repayment all remaining principle and interest

On October 22, 2015, a subsidiary has entered into a credit lines agreement with a local bank totaling Baht 127.30 million, which consists of 1) loan of Baht 102.30 million and 2) letter of guarantee of Baht 25.00 million. The loan carry interest rate at MLR- 1.25% p.a. and guaranteed by mortgaging inventories- real estate business of the subsidiary (Note 9), and personally guaranteed by certain directors. The repayment amount to free / withdraw the collateral of each unit will be repay as identified in the agreement.

### 18. Deferred tax

Deferred tax assets and liabilities as at December 31, 2015 and 2014 were as follows:

	Unit : Baht			
	Consolidated financial statements			
	Assets		Liabilities	
	2015	2014	2015	2014
Deferred tax assets	6,205,951.87	10,307,589.94	-	-
Deferred tax liabilities	-	-	(47,692,493.92)	(51,088,371.50)
Total	6,205,951.87	10,307,589.94	(47,692,493.92)	(51,088,371.50)
Set off of tax	(5,852,664.01)	(6,935,014.08)	5,852,664.01	6,935,014.08
Net deferred tax assets (liabilities)	353,287.86	3,372,575.86	(41,839,829.91)	(44,153,357.42)

	Unit : Baht	
	Separate financial statements	
	2015	2014
Deferred tax assets	5,852,664.01	6,735,490.95
Deferred tax liabilities	(23,526,179.40)	(26,019,924.25)
Net deferred tax assets (liabilities)	(17,673,515.39)	(19,284,433.30)

## NOTES TO FINANCIAL STATEMENTS (CONT)

Movements in deferred tax assets and liabilities during the year 2015 were as follows:

Unit : Baht

Consolidated financial statements			
At January 1, 2015	(Charged) / Credited to:		At December 31, 2015
	Profit or loss	Other comprehensive income	
Deferred tax assets :			
Investment in subsidiary	2,626,646.41	(2,626,646.41)	-
Investment properties	233,600.25	(38,933.39)	-
Others	512,329.20	(353,708.20)	-
Total deferred tax assets	<u>3,372,575.86</u>	<u>(3,019,288.00)</u>	<u>-</u>
Deferred tax liabilities :			
Inventories	180,000.00	(180,000.00)	-
Investment in associates	(239,010.05)	-	-
Land and buildings	(47,748,018.58)	3,145,040.26	-
Investment properties	(3,039,282.86)	188,777.31	-
Loss carry forward	6,735,490.95	(912,426.94)	-
Others	(42,536.88)	72,136.88	-
Total deferred tax liabilities	<u>(44,153,357.42)</u>	<u>2,313,527.51</u>	<u>-</u>
Total credited (charged)		<u>(705,760.49)</u>	<u>-</u>

Unit : Baht

Separate financial statements			
At January 1, 2015	(Charged) / Credited to:		At December 31, 2015
	Profit or loss	Other comprehensive income	
Deferred tax assets (liabilities)			
Land and buildings	(22,918,581.39)	2,242,907.54	-
Investment properties	(3,039,282.86)	188,777.31	-
Loss carry forward	6,735,490.95	(912,426.94)	-
Others	(62,060.00)	91,660.00	-
Net	<u>(19,284,433.30)</u>	<u>1,610,917.91</u>	<u>-</u>

As at December 31, 2015, deferred tax assets arising from temporary differences and unused tax losses of Baht 51.47 million (2014 : Baht 49.91 million) in the consolidated financial statements and Baht 27.43 million (2014 : Baht 29.78 million) in the separate financial statements that have not been recognised because it is not probable that they will be able to utilise the tax benefit in the foreseeable future

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 19. Employee benefit obligations

Movements of the provision for the unrecognized transitional obligations were as follows :

	Unit : Baht	
	Consolidated financial tatements	Separate financial statements
Unrecognised defined benefit obligations as at January 1, 2015	3,457,700.00	1,984,977.00
Recognised through profit or loss for the year	(3,457,700.00)	(1,984,977.00)
Unrecognised defined benefit obligations as at December 31, 2015	-	-

Movements in the present value of the defined benefit obligations were as follows :

	Unit : Baht	
	Consolidated financial tatements	Separate financial statements
Defined benefit obligations as at January 1, 2015	34,690,070.00	18,264,507.00
Recognised transitional obligation	3,457,700.00	1,984,977.00
Current service costs and interest	6,646,804.00	3,754,453.00
Benefit paid by projects	(2,242,000.00)	(180,000.00)
Defined benefit obligations as at December 31, 2015	42,552,574.00	23,823,937.00

### 20. Expenses by nature

Significant expenses by nature for the years ended December 31, 2015 and 2014, were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Raw materials and supplies used	666,078,208.54	591,492,397.66	425,015,887.07	382,348,377.53
Changes in finished goods and work in process	(16,172,654.72)	(24,757,382.17)	(2,066,157.73)	(26,608,392.63)
Increase in land, construction in progress and utilities during the year	150,755,354.00	141,751,456.97	41,641,236.60	58,793,451.36
Changes in real estate under development projects	(58,160,033.40)	86,850,450.89	(5,169,966.91)	49,969,227.87
Salary, wages and other employee benefits	413,836,200.00	410,663,341.00	238,048,097.00	240,395,378.00
Depreciation and amortization	27,620,203.85	25,405,588.23	18,827,120.13	16,856,649.23
Utility expenses	25,765,982.39	25,504,943.96	15,207,026.94	14,914,722.18
Rental and services	21,615,792.62	22,991,097.16	9,438,994.20	10,169,634.52
Specific tax	5,604,670.76	10,601,681.36	1,954,557.68	4,549,189.84
Transportation expenses	6,214,478.27	8,130,731.44	3,443,366.83	4,550,361.67

## NOTES TO FINANCIAL STATEMENTS (CONT)

### 21. Income tax expense (income)

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Income tax recognised in profit or loss</b>				
Current tax expense :				
Current year	1,527,796.69	4,615,455.92	-	-
Deferred tax expense :				
Movements in temporary differences	(206,666.45)	(4,641,325.42)	(2,523,344.85)	(1,009,879.66)
Benefit of tax losses recognised	912,426.94	7,245,749.05	912,426.94	2,105,410.60
	705,760.49	2,604,423.63	(1,610,917.91)	1,095,530.94
Net	2,233,557.18	7,219,879.55	(1,610,917.91)	1,095,530.94
<b>Income tax recognised in other comprehensive income</b>				
Revaluation increment in land and buildings	-	12,530,033.21	-	3,922,161.48

#### Reconciliation of effective tax rate

Unit : Baht

	Consolidated financial statements			
	Applicable tax rate (%)	2015	Applicable tax rate (%)	2014
Accounting profit (loss) before income tax	20	52,706,857.50	20	(6,353,414.73)
Tax at the applicable tax rate		10,541,371.50		(1,270,682.95)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		936,399.35		8,490,562.50
Benefit of tax losses recognised		(9,244,213.67)		-
Net		2,233,557.18		7,219,879.55



## NOTES TO FINANCIAL STATEMENTS (CONT)

Unit : Baht

	Separate financial statements			
	Applicable tax rate (%)	2015	Applicable tax rate (%)	2014
Accounting profit (loss) before income tax	20	24,197,796.31	20	1,074,865.02
Tax at the applicable tax rate		4,839,559.26		214,973.00
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		611,437.01		880,557.94
Benefit of tax losses recognised		(7,061,914.18)		-
Net		(1,610,917.91)		1,095,530.94

## 22. Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different manufacturing and products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1      Garment manufacturing
- Segment 2      Development of real estate for sale

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax and finance costs, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax and finance costs is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information relating to business segments for the years ended December 31, 2015 and 2014 as follows:

Unit : Million Baht

	Consolidated financial statements											
	2015						2014					
	Garment	Real estate	Others	Total	Add (less) inter - transactions	Net	Garment	Real estate	Others	Total	Add (less) inter - transactions	Net
External revenue	1,177	164	-	1,341	-	1,341	1,013	316	-	1,329	-	1,329
Inter-segment revenue	34	-	-	34	(34)	-	26	-	-	26	(26)	-
Total revenue	1,211	164	-	1,375	(34)	1,341	1,039	316	-	1,355	(26)	1,329
Segment results	47	56	-	103	(41)	62	(12)	44	-	32	(6)	26
Unallocated income (expenses)												
Share of profit (loss) from investment in associate, net						17						(9)
Financial costs						(26)						(24)
Income tax (expense)/ income						(3)						(7)
Profit (loss) for the year						50						(14)
Segment assets	1,521	410	9	1,940	(429)	1,511	1,425	413	19	1,857	(424)	1,433

## NOTES TO FINANCIAL STATEMENTS (CONT)

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. However, the Company has no assets located in foreign countries.

Geographical information

	Unit : Million Baht	
	2015	2014
Foreign countries	1,162	965
Domestic	179	364
Total revenue	1,341	1,329

### Major customer

Revenues from three major customers of the Group's garment manufacturing segment represent approximately Baht 905 million for the year 2015 (2014: Baht 757 million) of the consolidated revenues.

## 23. Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted certain promotional privileges by the Board of Investment relating to low-income or middle-income housing business. The privileges granted include:

- a) Exemption from payment of corporate income tax for certain operations for a period of 5 years from the date on which the income is first derived from such operation (January 23, 2013).
- b) Accumulated loss during the exemption period be deducted from net income after the exemption period for 5 years.

## NOTES TO FINANCIAL STATEMENTS (CONT)

Summary of revenues from promoted and non-promoted businesses:

Unit : Million Baht

Consolidated financial statements					
2015			2014		
Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Revenues 23	1,318	1,341	136	1,193	1,329

Unit : Million Baht

Separate financial statements					
2015			2014		
Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Revenues 23	769	792	136	631	767

### 24. Commitments from real estate developing projects

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Value of sales already contracted during the year	92.68	288.69	38.61	95.06
Cumulative value of sales already contracted	982.95	890.27	343.27	304.67
As percentage of total sales of projects on hand (%)	76.46	70.87	65.81	60.84
Number of projects:				
Number of projects on hand at beginning of the year	4	4	1	1
Number of new opened projects	-	-	-	-
Number of closed projects	-	-	-	-
Number of projects on hand at end of the year	4	4	1	1

## 25. Financial instruments

### 25.1 Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

### 25.2 Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, and capital management policies to maintain the optimal capital structure and cost of capital.

### 25.3 Interest rate risk

Interest rate risk derives from changes in interest rate. The Group has interest rate risk because their loans bear interest at the floating interest rate. If the interest rate significantly changes, it will be impact to the Group. The information of interest rate and maturity of long-term loans are disclosed in Note 17.

### 25.4 Foreign currency exchange rate risk

The Group has the foreign currency exchange rate risk related to assets and liabilities denominated in foreign currencies which have not made foreign currency exchange rate risk hedging.

As at December 31, 2015 and 2014, assets and liabilities denominated in foreign currencies which have not been hedged against foreign exchange rate risk, are summarized as follows:

	Unit : Million Baht			
	Consolidated financial statements			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
US Dollar	207	134	101	135
Hong Kong Dollar	-	40	-	23

	Unit : Million Baht			
	Separate financial statements			
	2015		2014	
	Assets	Liabilities	Assets	Liabilities
US Dollar	129	89	55	86
Hong Kong Dollar	-	31	-	14

### 25.5 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the report date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the report.

### 25.6 Liquidity risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value.

The Group's financial assets comprise cash and cash equivalents, trade accounts receivable and inventories which are liquid and able to sell at close to this fair value when the Group wishes to raise fund.

### 25.7 Fair value

Since the majority of the Group's financial instruments are short-term. The Group expects that their fair values are not materially different from the amounts presented in the statements of financial position, except for long-term loans to a related party and long-term loan from financial institution, which are bearing floating interest at rates. The carrying value of such loans are equivalent to fair value.

## 26. Commitments and contingent liabilities

As at December 31, 2015 :

26.1 The Company and a subsidiary had contingent liabilities from bank's issuance the letter of guarantee to Custom Department and Government agencies totaling Baht 8.82 million,

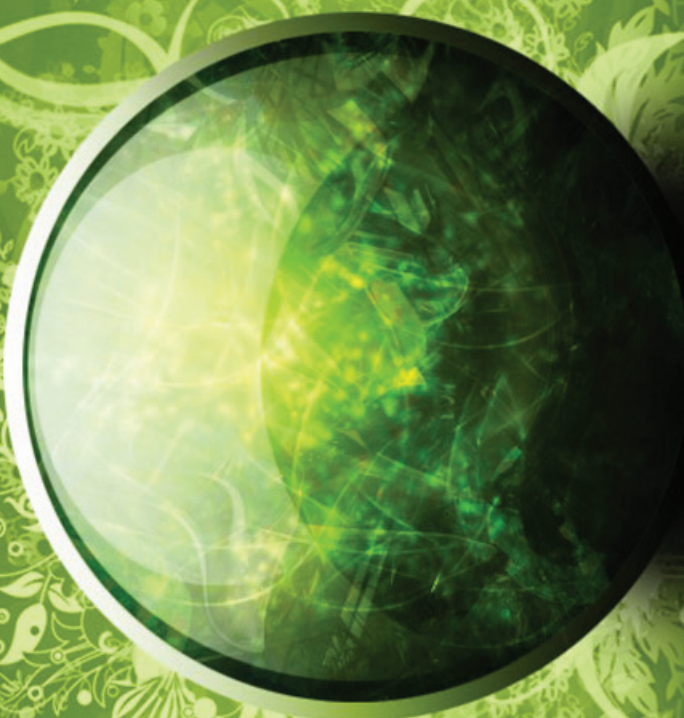
26.2 The Company and a subsidiary had commitment on letter of credit for purchasing goods from overseas totaling Baht 7.21 million,

26.3 The Company and two subsidiaries had contingent liabilities from bank's issuance of letter of guarantee to the Land Department to guarantee the construction and maintenance of utilities totaling Baht 118.05 million,

26.4 The Company and two subsidiaries had commitments on the agreements of development and construction of real estate projects totaling Baht 62.22 million.

## 27. Financial statements approval

Board of Directors of Castle Peak Holdings Public Company Limited has approved these financial statements on February 27, 2016.



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