

# ANNUALREPORT2013



**PATKOL**  
Public Company Limited

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Message from the Chairman of the Board

Dear Shareholders and Investors,

The operating results of Patkol Public Company Limited and its affiliates in 2013 might show a loss of 85 million baht, but such loss was caused by settlement of litigations between Patkol PCL and T.P.K. Ethanol Co., Ltd., which began 5-6 years ago. On behalf of the Board of Directors, I would like to confirm that, with transparent risk and business management measures, the Board will safeguard your benefits and make sure that you will receive a fair return.

However, with careful attention and capabilities of the executives during such time of crisis, Patkol PCL was able to adjust its administrative system and expand its business in domestic market, ASEAN market, and neighboring countries, such as Myanmar and Sri Lanka.

I would like to inform you that as an engineering company in support of food production, Patkol PCL now has almost 250 engineers and some of them have graduated directly in the field of food production.

Patkol is now the world's leader in tube ice machine business with over 50% international market share and the company is able to sell ice making machines to different countries all over the globe, such as Saudi Arabia, Kuwait, Venezuela, Puerto Rico, and United States of America.

Besides, Patkol has developed an automatic ice packaging and storage system, which will become a successful business due to workforce shortages.

In other businesses, such as refrigeration systems, food machines, and food production line design and development, the company has expanded the operations to ASEAN and other neighboring countries.

Patkol has a project to systematically produce engineers and skilled workforce; therefore, the company does not experience technician and engineer shortage in business expansion. This gives the company an advantage over our competitors, which are smaller companies that cannot handle the development expenses.

I am confident that Patkol will continue to grow in a sustainable manner and enjoy better profits after the rehabilitation plan. The company will certainly become a leading company in ASEAN.

Asso Prof.Dr.Somchob Chaiyavej  
Chairman

**Message from the President and Chairman of Management Committee**

Greeting to our shareholders and investors

In 2013, we, the management of Patkol Plc. as the plan administrator had decided to compromise with TPK Ethanol Co.,Ltd. TPK Ethanol Co.,Ltd. was suing Patkol Plc. and the Bangkok Bank Plc. and Patkol Plc. to pay them 314 million baht according to the bank guarantee that we had issued to guarantee our performance according to the contract. We agree with Bangkok Bank Plc. to pay to TPK Ethanol Co.,Ltd. on the condition that:

-TPK will purchase equipment under construction at our subsidiary Patkol Manufacturing Co.,Ltd. at 14 millions baht

-TPK will withdraw all the court case against Patkol Plc. including all the claims under our reorganizing plan to Patkol Plc. from the official receiver

Patkol is on high growth with having good profit, if it was freefrom business reorganizing. Patkol would be heading for high growth and high profit. After settlement with TPK Ethanol Co.,Ltd., Patkol Plc. was allowed to go out of reorganizing status on the 13<sup>th</sup> August 2013.

At the end of 2013, Patkol opened sale and service office in Konkaen province ,to be close to the ice factories in the northeast. This year, 2014, Patkol had opened another sale and service office in Surat Thani to give service to the customers in the south and service office in Lumpoon in nearest future.

We have now representative office in Indonesia, Philippines, Malaysia and Vietnam and plan to expanse the new factory in Indonesia.

Our financial result of the year 2013 are as following:

In 2013, we had earned from our operation that got profit as same as the last year but we had to offset the settlement with TPK Ethanol Co.,Ltd. amount 314 million baht and some other settlement. Our final line show lost 85 million baht.

The management of Patkol had improved the work efficiency by hiring the consultant to put in a good floor management in our factory, Patkol Manufacturing. The management had also reengineered the production line and put in a few automatic welding stations and new sheet cutting line. We managed to increase line capacity and lower the operating cost.

We would like to assure our shareholders and investors that Patkol has very high opportunity to grow with 2 digits in the next five years. Patkol expect the stock market authority reinstate its status to normal and our shares can be traded within the last quarter of 2014.

I am sure that patkol will growth and make profits.

Dr.Piya Chongvatana

President and Chairman of Management Committee

## The Board of the Directors



- |                                       |   |
|---------------------------------------|---|
| 1. Mr. Suchart Sooksumitr             | Independent directors / Chairman of Audit Committee               |
| 2. Mr. Sangchai Chotchuangchutchaval  | Director / Vice president   |
| 3. Assoc. Prof. Dr. Somchob Chaiyavej | Chairman of the Board / Independent directors                     |
| 4. Dr. Piya Chongvatana               | President / Chairman of Management Committee                      |
| 5. Mr. Sumet Jiambutr                 | Director / Director of Management Committee                       |
| 6. Mr. Panet Chongvatana              | Director and Company Secretary / Director of Management Committee |
| 7. Miss Nongluck Sakdakrai            | Director  |
| 8. Mrs. Anongsiri Chaiyakul           | Director  |
| 9. Mr. Virachai Srikajorn             | Independent directors / Director of Audit Committee               |
| 10. Mr. Preecha Chantarangkul         | Independent directors / Director of Audit Committee               |
| 11. Mr. Paradon Chulajata             | Director / Audit Committee's Consultant                           |

## Profiles of Directors



Name	Assoc. Prof. Dr. Somchob Chaiyavej
Age	77 Years
Nationality	Thai
Position	Chairman of the Board, Independent directors
Date of Assuming of Office	April 27, 2006
Number of Years in the Office	7 Year

Holding of Company's Share	None
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the past 10 years.
Highest Academic Qualification	Ph.D in Mechanical Engineering, Purdue University, USA. National Defense College, Class 28
Training Courses for Director	DAP Director Accreditation Program
Employment Records Past:	<ul style="list-style-type: none"> <li>- Instructor at the Thai-German Tech Institute (TGTI)</li> <li>- Deputy Director of TGTI</li> <li>- Dean, Faculty of Engineering, the King Mongkut's Institute of Technology North Bangkok (KMITNB)</li> <li>- Vice President and President (KMITNB)</li> <li>- Member of the Board: University Education Bureau</li> <li>- Member of the Board of Investment (BOI)</li> <li>- Member: National Research Council in Science and Technology</li> <li>- Member of the Board: Thailand Institute for Science and Technology Research</li> </ul>
Present:	<ul style="list-style-type: none"> <li>- Member: Steering Committee Thai-German Institute for Production Technology (Ministry of Industry)</li> <li>- Member: National Parliament Civil Service Council</li> </ul>

- Senior Advisor to Joint-Venture Fund “One” for SME
- Council President: North Bangkok College
- Council Member: Rajmongkol (Tanya Buri) Technical University
- Advisor to the Board of Investment
- Advisor to the Board of Science and Technology Research Center (STRC) of King Mongkut’s Institute of Technology North Bangkok
- Director, Dr.Piya Chongvatana Foundation

Senior licensed Professional Engineer: Machinery. 419



Name	Dr.Piya Chongvatana
Age	68 Years
Nationality	Thai
Position	President
Date of Assuming of Office	June 28, 1993
Number of years in the Office	20 Years

Holding of Company’s Share	54,869,844 Ordinary shares
Member of the Board of other businesses	None
In conflict of interest with the Company’s	
Involvement in any lawsuits	None during the past 10 years
Highest Academic Qualification	<ul style="list-style-type: none"><li>- Associated Degree in Applied Science in Air Conditioning Engineering Technology, Milwaukee School of Engineering, Milwaukee, Wisconsin, USA.</li><li>- Bachelor’s Degree in Mechanical Engineering, Chulalongkorn University</li><li>- The Honorary Degree of Doctor of Engineering in Mechanical Engineer of King Mongkut’s Institute of Technology North Bangkok</li></ul>



Training courses for Director	Director Certification Program (DCP)
Employment Records    Present:	<ul style="list-style-type: none"> <li>- Chairman, Patkol Manufacturing Co.,Ltd.</li> <li>- Chairman, Patkol R&amp;D Co.,Ltd.</li> <li>- Chairman, Patkol Trading Co.,Ltd.</li> <li>- Chairman, Siam Patkol Co.,Ltd.</li> <li>- Chirman, Spanel Co.,Ltd.</li> <li>- Director, Prepack Thailand Co.,Ltd.</li> <li>- Advisor to the Board of Science and Technology Research Center (STRC) of King Mongkut's Institute of Technology North Bangkok</li> <li>- Honorary President, Thai Refrigeration Association</li> <li>- Honorary Director of ASHRAE Thailand Chapter</li> <li>- Vice President, Thai - Bangladesh Chamber of Commerce</li> <li>- Director of The Federation of Thai Industries</li> <li>- Chairman, Dr.Piya Chongvatana Foundation</li> </ul>

Engineering License Mechanical Senior Professional Engineer



Name	Mr. Sangchai Chotchuangchutchaval
Age	57 Years
Nationality	Thai
Position	Director
Date of Assuming of Office	May 26, 1998
Number of years in the Office	15 Years

Holding of Company's Share	45,041,303 Ordinary shares
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the post 10 years
Highest Academic Qualification	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Electrical Engineering, King Mongkut's institute of Technology North Bangkok</li> <li>- Master Degree of Public Administration</li> </ul>
Employment Records    Present:	<ul style="list-style-type: none"> <li>- Director, Patkol Manufacturing Co.,Ltd.</li> </ul>

- Director, Patkol Trading Co.,Ltd.
- Director, Siam Patkol Co., Ltd.
- Director, Spanel Co.,Ltd.
- Director, Patkol R&D Co.,Ltd..
- Director, Dr.Piya Chongvatana Foundatio

Engineering License Professional Electrical Engineer (Power)



Name	Mr.Paradon Chulajata
Age	49 Years
Nationality	Thai
Position	Director
Date of Assuming of Office	June 28, 1993
Number of years in the Office	20 Years

Holding of Company's Share	500 Ordinary shares				
Member of the Board of other businesses	None				
In conflict of interest with the Company's					
Involvement in any lawsuits	None during the post 10 years				
Highest Academic Qualification	Master's Degree in Business Administration, Faculty of Finance, Eastern Michigan University, USA.				
Training Courses for Director	<ul style="list-style-type: none"><li>- DCP Refresher Course</li><li>- Director Certification Program (DCP) 1994</li><li>- Director Accreditation Program (DAP) 1993</li></ul>				
Employment Records	<table><tr><td>Past:</td><td><ul style="list-style-type: none"><li>- Investment Banking Officer, Patra Thanakij Plc.</li><li>- Vice President Financial, Patkol Plc.</li></ul></td></tr><tr><td>Present:</td><td><ul style="list-style-type: none"><li>- Audit Committee's Consultant, Patkol Plc.</li><li>- Managing Director, Prepack Thailand Co., Ltd</li></ul></td></tr></table>	Past:	<ul style="list-style-type: none"><li>- Investment Banking Officer, Patra Thanakij Plc.</li><li>- Vice President Financial, Patkol Plc.</li></ul>	Present:	<ul style="list-style-type: none"><li>- Audit Committee's Consultant, Patkol Plc.</li><li>- Managing Director, Prepack Thailand Co., Ltd</li></ul>
Past:	<ul style="list-style-type: none"><li>- Investment Banking Officer, Patra Thanakij Plc.</li><li>- Vice President Financial, Patkol Plc.</li></ul>				
Present:	<ul style="list-style-type: none"><li>- Audit Committee's Consultant, Patkol Plc.</li><li>- Managing Director, Prepack Thailand Co., Ltd</li></ul>				



Name	Mr. Suchart Sooksumitr
Age	77 Years
Nationality	Thai
Position	Director, Independent Director
Date of Assuming of Office	May 28, 1996
Number of years in the Office	17 Years

Holding of Company's Share	None
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the post 10 years
Highest Academic Qualification	- Bachelor's Degree of Law, Thammasart University - Barrister at Law
Training Courses for Director	- Accounting for Non-Accounting Audit Committee - Director Accreditation Program (DAC)
Employment Records	Past: - Judge, Ministry of Justice (26 years) last position, Judge of the Supreme Court Thailand Present: - Director and Chairman of Audit Committee - Legal Advisor of Patkol Plc.



Name	Mr. Virachai Srikajorn
Age	60 Years
Nationality	Thai
Position	Director, Independent Director
Date of Assuming of Office	June 28, 1993
Number of years in the Office	20 Years

Holding of Company's Share	None
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the past 10 years
Highest Academic Qualification	Master's Degree in Business Administration, South Eastern University, Washington DC, USA.

Training Courses for Director	Director Certification Program (DCP)
Employment Records	Present:
	- Director Thailand Professional Qualification Institute (Public Organization)
	- Director and Audit Committee, Patkol Plc.
	- Director, Thai Storage Battery Plc.
	- Director, TKS Technologies Plc.

Engineering License Mechanical Professional Engineer



Name	Mr. Preecha Chantarangkul
Age	70 Years
Nationality	Thai
Position	Director, Independent Director
Date of Assuming of Office	June 9, 1999
Number of years in the Office	14 Years

Holding of Company's Share	None
Member of the Board of other businesses	
In conflict of interest with the Company's	None
Involvement in any lawsuits	None during the post 10 years
Highest Academic Qualification	Bachelor's Degree in Business Administration, Faculty of Management, Thammasart University
Training Courses for Director	Audit Committee Program Director Accreditation Program (DAP) 2004
Employment Records	Present:
	Director and Audit Committee, Patkol Plc.



Name	Miss Nongluck Sakdakrai
Age	39 Years
Nationality	Thai
Position	Director
Date of Assuming of Office	June 26, 2000
Number of years in the Office	14 Years

Holding of Company's Share	27,285,080 Ordinary shares
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the post 10 years
Highest Academic Qualification	Master's Degree in Perfect Management, George Washington University
Training Courses for Director	DCP Refresher Course, Director Certification Program (DCP) 2002
Employment Records	Present: Vice President, Thai Ice Club limited



Name	Mrs. Anongsiri Chaiyakul
Age	70 Years
Nationality	Thai
Position	Director
Date of Assuming of Office	January 14, 2004
Number of years in the Office	10 Years

Holding of Company's Share	None
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the post 10 years
Highest Academic Qualification	Bachelor's Degree in Accounting, Thammasart University

Training Courses for Director Director Accreditation Program (DAP)

Employment Records Present: - Director, Patkol Manufacturing Co.,Ltd.  
- Director, Patkol Trading Co.,Ltd.  
- Director, Patkol R&D Co.,Ltd..  
- Director, Siam Patkol Co., Ltd.



Name	Mr. Panet Chongvatana
Age	37 Years
Nationality	Thai
Position	Director
Date of Assuming of Office	August 20, 2008
Number of years in the Office	6 Years

Holding of Company's Share 13,348,742 Ordinary shares

Member of the Board of other businesses None

In conflict of interest with the Company's

Involvement in any lawsuits None during the post 10 years

Highest Education Record - Bachelor of Seines in Engineering Mechanical Engineering King M.  
- Master of Science in Engineering Management Majoring in Project Management has Jersey Institute of Technology.

Training Courses for Director Financial Statement for Director (FSD)

Employment Record Present: - Executive Director General Administrator  
- Director, Patkol Trading Co.,Ltd.  
- Director, Patkol Manufacturing Co.,Ltd  
- Director, Spanel Co.,Ltd.  
- Director, Patkol R&D Co.,Ltd.



Name	Mr. Sumet Jiambutr
Age	59 Years
Nationality	Thai
Position	Director
Date of Assuming of Office	April 29, 2009
Number of years in the Office	5 years

Holding of Company's Share	977,442 Ordinary shares
Member of the Board of other businesses	None
In conflict of interest with the Company's	
Involvement in any lawsuits	None during the post 10 years
Highest Academic Qualification	Bachelor's Degree in Engineering in Mechanical Engineer of King Mongkut's Institute of Technology North Bangkok

Training Courses for Director	Director Accreditation Program (DAP)
Employment Records	Present:
	- Director, Patkol Plc.
	- Director, Patkol Manufacturing Co., Ltd.
	- Director, Patkol Trading Co., Ltd.
	- Director, Patkol R&D Co., Ltd.
	- Director, Siam Patkol Co., Ltd
	- Director, Spanel Co., Ltd.

**Management Committee**



Dr.Piya Chongvatana  
Age 68 Years  
Nationality Thai  
President, Chairman of Management Committee



Mr.Sangchai Chotechuangchutchaval  
Age 57 Years  
Nationality Thai  
Executive Director-Business Group



Mr.Sumet Jiambutr  
Age 59 Years  
Nationality Thai  
Executive Director-Production PKM



Mr.Sombatt Srichainont  
Age 64 Years  
Nationality Thai  
Executive Director-Petrochemical Business



Mr. Panet Chongvatana  
Age 37 Years  
Nationality Thai  
Executive Director-General Administration



Mr.Adisak Poolsri  
Age 50 Years  
Nationality Thai  
Executive Director of Technical and Development



## Major events and developments

### **History**

Patkol Public Company Limited was established on 1965, the first name was Pattanakollakarn Co.,Ltd. which located at Tambon Khlong Thanon Charoen Road, Tumbon Banglumpoo-lang, Aumper Pakclagsan, Thonburi. Next, the location of the company moved to Jakapat-Pong Road, Tumbon Somanut, Aumper Pom Prap Sattrupai, Phranakhom, Bangkok.

In 1991 the company had to expand the first factory at Latkrabang – King Kaw Road, which area 7,200 square meters, during to the year 1977 – 1991, the company was growth and learn about Polyethylene-PE for pasteurized miki and plastic films. We contact with Pre Pack Co., Ltd. from French until we can development for nylon film blowing. Moreover, we can expansion the business to another country.

In 1992 the company had change the name of the company from Patkollakarn Co., Ltd. change to be Patkol Co.,Ltd.

In 1993 the Patkol Co., Ltd. will entrance to Public company limited with the Stock Exchange of Thailand on June 28, 1993. The ice machine and machine of food manufacturing are type of the business such as cold storage, equipment of milk product, equipment of ice cream product and making machine lines.

The quality of manufacturing is order and complete working, including the design, finding equipment, building and installing with service.

### **The important of change and development of the company in the 3 years (2010-2013)**

In 2009 – 2010 the company was lack of liquidity or finances problem from Ethanol project. So the company request the rehabilitation plan with count on August 11, 2009 and then approval the rehabilitation on March 30, 2011, because protecting the core business of the company.

In 2011 – 2013, the company has complied as the rehabilitation plan by strictly, until the company can be achieved the rehabilitation plan and leaving from the rehabilitation plan on August 13, 2013. Patkol Co.,Ltd. was increase the number of branches with another country. The production of Patkol can be appreciated to the customers. So the company had open the representative office at Indonesia and Philippines that were successful and recognize from the customers.

In 2013, establish Patkol's office of northeastern at Khon Kaen.

In 2014, the company establishes Patkol's representative office at Malaysia and Veitnam. In addition, establish Patkol's office of south at Surat Thani. The expectation is open the branch offices of Thailand as all area of Thailand. Because the customers can be received convenience and save time for contact. Moreover, it can be reduce cost and support for enlarge the growth business in the future.

### **Vision and Mission of the Company**

#### **Vision**

PATKOL serves the world with friendly engineering in Refrigeration, Ice and Food Processing

#### **Mission**

1. We will hold commitment to our customers and will always concern to the optimum benefits of our customers.
2. We will develop our human resources both in professional and management skills to be efficient and competitive.
3. We will be innovative and devoted to develop our machines and our technology to maintain the leading edges in all our businesses.
4. We will develop to be an IT organization with simplify work process and real time information for quick and correct decision.
5. We will contribute to the society and the environmental preservation

## General Information

Company name	Patkol Public Co.,Ltd.
Registered No.	0107536000587 (Bor Mor Jor 132)
Company set up	28 November 1965 by the Chongvatana families.
Types of Business	1) Ice machine business 2) Refrigeration business 3) Food and dairy business 4) Food processing business 5) Petrochemical business 6) Service compressor business
Head office	348 Chalerm Prakit Rama 9 Rd., Nongbon, Pravate, Bangkok 10250, Thailand.
Telephone	662 3281035
Fax	662 328-1058 , 662 328-1245
Homepage	<a href="http://www.patkol.com">www.patkol.com</a>
E-mail	<a href="mailto:sales@patkol.com">sales@patkol.com</a>
Registered Capital	600,243,737 Baht with paid up capital of 494,095,237 Baht, divided into 414,607,781 general shares, 79,487,456 Prefer shares.

### Past Record

12 February 1992	Changed its name from Patanakolkarn Co., Ltd. To Patkol Co., Ltd.
31 March 1992	Registered for public company with the Security Exchange of Thailand.
28 June 1992	Registered as Public Company and changed its name to Patkol Public Co., Ltd.

**The other businesses holding of Company's share > 10%**

**Subsidiaries 1. Patkol Manufacturing Co.,Ltd.**

Types of Business	Manufacture, modify, repair of Machinery and equipment for the food industry and refrigeration
Company set up	4 December 2003
Head Office	129 moo 3 phetchakasem Rd., Huairong, Khao-Yoi, Phetchaburi Telephone (032)447-920-27 Fax (032)447-928
Registered Capital	100,000,000 Baht, divided into 1,000,000 general shares , Par 100 Baht , - none- Prefer shares
Percentage of shareholding	Patkol Public Co.,Ltd. Shareholding 99.99%

**Subsidiaries 2. Patkol R&D Co.,Ltd.**

Types of Business	Research and Development Product
Company set up	20 April 2004
Head Office	348 Chalerm Prakiat Rama 9 Rd., Nongbon, Pravate, Bangkok 10250, Thailand. Telephone 02-328-1035 Fax 02-328-1245
Registered Capital	5,000,000 Baht, divided into 50,000 general shares , Par 100 Baht , - none- Prefer shares
Percentage of shareholding	Patkol Public Co.,Ltd. Shareholding 99.98%

**Subsidiaries 3. Patkol Trading Co.,Ltd.**

Types of Business	To purchase , sell , equipment , Spare parts for Ice machine and Refrigeration
Company set up	13 June 1984
Head Office	348 Chalerm Prakiat Rama 9 Rd., Nongbon, Pravate, Bangkok 10250, Thailand. Telephone 02-328-1035 Fax 02-328-1245
Registered Capital	3,000,000 Baht, divided into 30,000 general shares , Par 100 Baht , - none- Prefer shares
Percentage of shareholding	Patkol Public Co.,Ltd. Shareholding 99.98%

**Subsidiaries 4.**

**Saim Patkol Co.,Ltd.**

Types of Business	Current none operations
Company set up	15 March 1990
Head Office	348 Chalerm Prakiat Rama 9 Rd., Nongbon, Pravate, Bangkok 10250, Thailand. Telephone 02-328-1035                      Fax 02-328-1245
Registered Capital	2,500,000 Baht, divided into 100,000 general shares , Par 25 Baht , - none- Prefer shares
Percentage of shareholding	Patkol Public Co.,Ltd. Shareholding 39.99 % Patkol Trading Co.,Ltd. Shareholding 60.00%

**Subsidiaries 5.**

**S panel Co.,Ltd.**

Types of Business	Manufacturing , Retail –Wholesale, Import –Export for cold storage small size including Insulation plate
Company set up	4 April 1995
Head Office	89/64 Moo 2 Kolong, Muang samutsakorn, Samutsakorn Telephone (034)885090-91                      Fax (034)885215
Registered Capital	10,000,000 Baht, divided into 100,000 general shares , Par 100 Baht , - none- Prefer shares
Percentage of shareholding	Patkol Public Co.,Ltd. Shareholding 80%

## Other References

### Auditors

- |                                 |              |
|---------------------------------|--------------|
| 1. Ms. Vimolsri Chongudomsombat | CPA No. 3899 |
| 2. Ms. Kannikar Vipaturat       | CPA No. 7305 |

Office of Karin Audit Co., Ltd.

6 Fl., Room B1, Boonmitr Building, 138 Silom Road. Bangrak, Bangkok

Tel : 02-634-2484-6

Fax : 02-634-2668

### Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand Building, 4, 6-7 Floor, Ratchadapisek Rd., Kongteaw, Bangkok 10110.

Tel : 02 359 1200-49

Fax : 02 359 1259

## Business Operation

There are 6 business units of Patkol Public Company Limited

- 1) Ice Making Machine Business Unit: The business unit is devoted to manufacture, design, setting and selling spare parts for tube ice making machines, nugget ice machines and block ice plant. The packing automatic machine is substitute labor. The patkol manufacturing Co.,Ltd. is producer machine and equipment of tube ice making, nugget ice, block ice plant, Evaporative condenser and filter vessel

- 2) Refrigeration Business Unit: The business unit is divided into manufacture, design, setting and selling equipment for food refrigeration. Moreover, this unit is also divided into the refrigerator for supermarket. S panel Co., Ltd. is the business of refrigeration such as design, create and setting including import equipment and thermal insulation of system (Eutectic of refrigerator is sheet that can be reused on Eutectic freezer)
- 3) Liquid Food Machine Business Unit: The unit is divided into machine and system for machine for dairy and beverage industries. Including spare part and equipment for sell. Patkol could design, manufacture and install the whole system as well as providing spare parts for milk Plant, beverage industries in both alcohol and non-alcohol such as milk pasteurization factory, UHT milk and yoghurt factory, Ice-cream factory, and medication industry.
- 4) Solid Food Processing & Engineering Business Unit: The unit can design and create the machine for frozen food industry, including selling spare part and equipment. The business unit is divided into the frozen food industry such as canned food factory, shrimp frozen food factory, and frozen seafood, fruit and vegetable etc.
5. Petrochemical business unit : patkol is manage about petrochemical projects such as design, building and setting the factory. Moreover, Patkol can design the building, the public utility, machine, renewal energy factory and special advisor of the projects there are project of patkol as following : EPC project, stack tank project, pressure vessel and stainless, heat exchanger (shell and tube), storage tank, and steel stack, including tube setting, repairing and modify projects.
6. Services & compressor Business Unit: the service of Patkol are composed service of machine and the Patkol R&D Co., Ltd is adviser, researching and improving the products such as the equipment of the refrigeration, ice production, food and milk or ice cream production and equipment of cold storage etc.

**Income structure of business group (local and abroad) 2013**

## Patkol Plc and Subsidiaries

Groups of Business	Operated by	%	Total Income Local		Total Income abroad		Total Income		Other Income	
			฿million	%	฿million	%	฿million	%	฿million	%
1. Group Maker										
- Ice making machine	Patkol Plc.	100.00%	616.72	18%	440.27	60%	1,056.99	25%	3.60	6%
- Ice making machine	Patkol Manufacturing Co.,Ltd.	99.99%	0.00	0%	0.00	0%	0.00	0%		0%
- Showcases	Siam Patkol Co.,Ltd.	99.98%	0.00	0%	0.00	0%	0.00	0%		0%
			616.72	18%	440.27	60%	1,056.99	25%	3.60	6%
2.Group Machineries and System for Refrigeration Industry										
- Cold room	Patkol Plc.	100.00%	826.08	24%	52.49	7%	878.56	21%	2.22	4%
- Cold room panels	S Panel Co.,Ltd.	80.00%	110.96	3%	0.00	0%	110.96	3%		0%
- others	Patkol Manufacturing Co.,Ltd.	99.99%	0.00	0%	0.00	0%	0.00	0%		0%
			937.03	27%	52.49	7%	989.52	23%	2.22	4%
3. Group Machine &System for liquid Processing										
- Food&Dairy Machineries	Patkol Plc.	100.00%	1,047.62	30%	188.61	26%	1,236.24	29%	16.54	28%
- Food&Dairy Machineries	Patkol Manufacturing Co.,Ltd.	99.99%	0.00	0%	0.00	0%	0.00	0%		0%
			1,047.62	30%	188.61	26%	1,236.24	29%	16.54	28%
4. Group Machineries and System for Food Processing										
- Food Processing Machineries	Patkol Plc.	100.00%	108.78	3%	26.28	4%	135.06	3%	0.75	1%
- Food Processing Machineries	Patkol Manufacturing Co.,Ltd.	99.99%	0.00	0%	0.00	0%	0.00	0%		0%
			108.78	3%	26.28	4%	135.06	3%	0.75	1%
5. Group Turnkey Project										
- Petrochemical	Patkol Plc.	100.00%	383.91	11%	0.00	0%	383.91	9%	-0.13	0%
- Petrochemical	Patkol Manufacturing Co.,Ltd.	99.99%	13.08	0%	0.00	0%	13.08	0%		0%
			397.00	11%	0.00	0%	397.00	9%	-0.13	0%
6. Group Maintenance and others										
- Services	Patkol Plc.	100.00%	257.59	7%	8.91	1%	266.50	6%	0.13	0%
- Others	Patkol Plc.	100.00%	0.05	0%	0.00	0%	0.05	0%	22.25	38%
- Others	S Panel Co.,Ltd.	80.00%	0.00	0%	0.00	0%	0.00	0%	3.28	6%
- Others	Patkol Trading Co.,Ltd.	99.98%	119.70	3%	2.71	0%	122.41	3%	-0.37	-1%
- Others	Siam Patkol Co.,Ltd.	99.98%	0.00	0%	0.00	0%	0.00	0%	0.01	0%
- Others	Patkol R&D Co.,Ltd.	99.98%		0%		0%	0.00	0%	0.01	0%
- Others	Patkol Manufacturing Co.,Ltd.	99.99%	10.76	0%	18.87	3%	29.63	1%	10.44	18%
			388.10	11%	30.50	4%	418.60	10%	35.74	61%
Total			3,495.25	100%	738.15	100%	4,233.40	100%	58.72	100%



## Risk Factors

### Risks of business operation

#### 1. The political risk

According to the political situation in Thailand are not peaceful, so the investment are feeling fear about investment at Thailand, it is effective of the delay investment. For the preserving of market share and growth of the company. So, the company expands a business on abroad with successfully such as Asia, Africa, Middle East, Europe and America.

#### 2. The shrimp Early Mortality Syndrome (EMS) risks

The owner of shrimp farming received the affect from shrimp Early Mortality Syndrome(EMS). Moreover, the food market was lack of shrimp, the company' customer also got affective from lack of shrimp that due to effect of the cold storage business. But the company had solving this problem to be cooperate with cold storage of logistics that cold storage is distribute center.

#### 3. Exchange rate risk

The company imports a portion of raw materials from overseas so we have foreign currency debts. Meanwhile, the company sells the products to overseas customers and earns revenues in foreign currencies. Therefore, 'natural hedge' method is used to manage exchange rate risk in part. However, there is still exchange rate risk remaining from the difference between the values of purchase and sales, which may have both positive and negative impacts on the company. In order to reduce such risk, the company has a policy to engage in forward contracts and other financial instruments to prevent any potential exchange rate risk.

#### 4. Confidence risk

Since our products are capital goods, the company has a policy to deliver high-quality goods and services within the designated timeframe and under customers' budgets. The fact that the company entered into the rehabilitation process might cause some of our customers to lose confidence in our security. Previously, the executives managed to explain and give confidence to the customers on their own. During the time when the company was under the rehabilitation process, we have proved that we could operate and deliver products and services on time. However, there were some customers who were prevented by certain restrictions from buying goods or services from companies under the

rehabilitation process. Therefore, the company lost opportunities to execute transactions with such customers. Anyway, the company is now able to cancel the rehabilitation process and the abovementioned restrictions can no longer prevent us from seeking business opportunities.

**5. Risks of raw material price fluctuations**

Iron and stainless are considered major raw materials of the company's production. Thus, the company is at risk of fluctuations of their prices and shortage of supply during certain times. The company has formed the Raw Material Planning Team to increase effectiveness of inventory management and seek for new production sources and suppliers, either domestically and internationally, for risk distribution and price competition among suppliers. Besides, the company has negotiated with some customers and identified in the purchase contracts that if the prices of major raw materials change beyond an established percentage, the company will increase the prices of the products.

**6. Risks of dependency on major customers or suppliers**

With regard to dependency of customers, the company has invested in many businesses so there is no problem regarding over dependency on major customers. Moreover, regarding dependency on major suppliers, the company is able to procure raw materials, both in and outside Thailand, and continuously manage our raw material purchase so we are not at risk of dependency on major suppliers as well.

**7. Risks of dependency on the executives**

The current executives, who are founders of the company, are experienced in the business and widely known and accepted for their creation of the company's know-how, their qualifications are a major contribution to the company being able to win customers' trust. This puts the company at risk of survival in case of change of the executive. However, the company has a policy to distribute the managerial powers with the executive board and directors of different departments having suitable knowledge and competency to supervise their respective departments to reduce the risk of dependency on the executives.

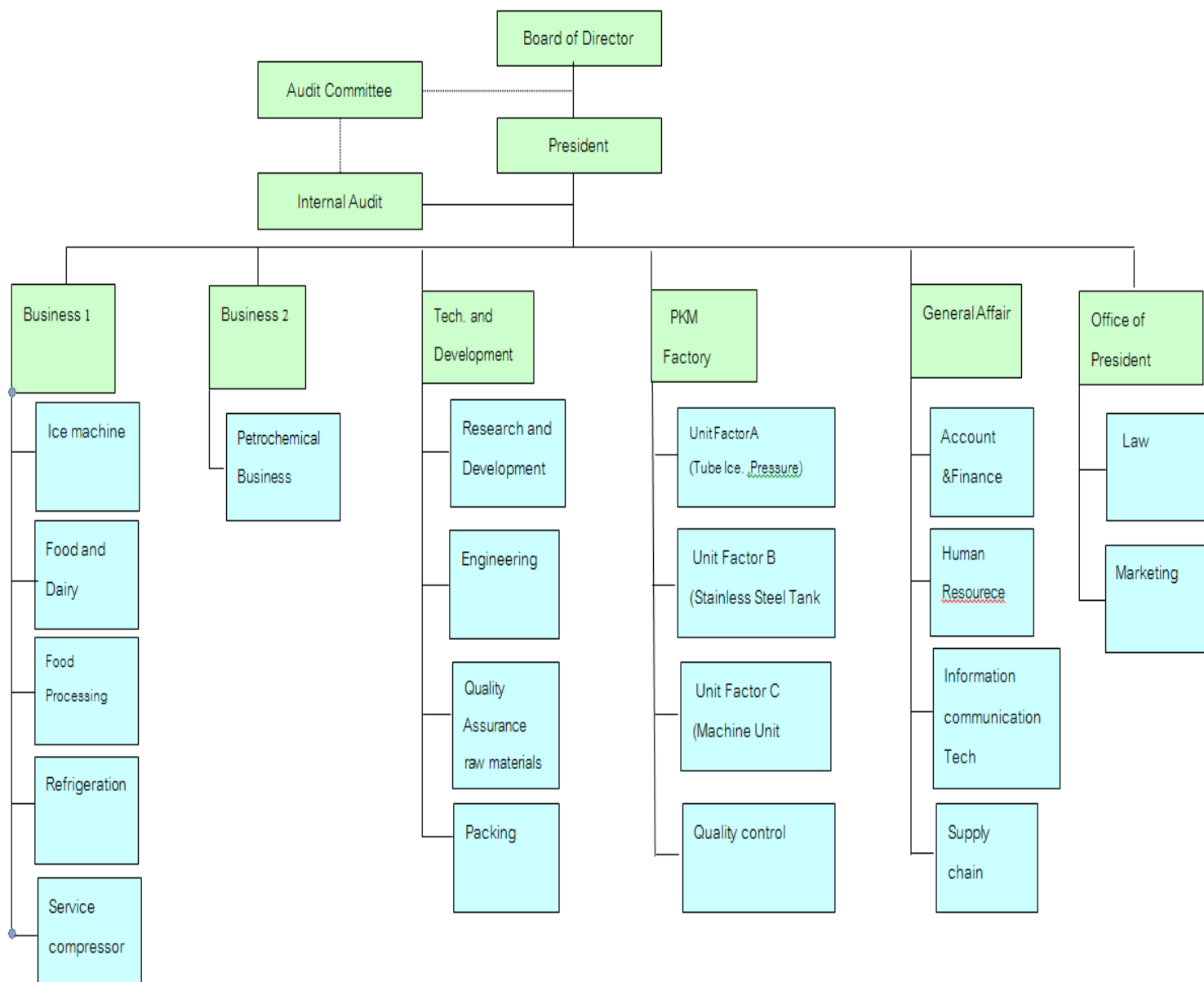
**8. Litigation risk**

The company filed a lawsuit against its customer, T.P.K. Ethanol Co., Ltd., on 29 July 2009, with an amount in dispute of 699 million baht. Later, T.P.K. Ethanol filed a claim for liquidated damages amounting to 2,972 million baht on 28 January 2010 for delay of completion of a project, but the company proceeded to dispute such claim. Then, on 16 January 2013, the receiver issued an order

requiring the company to pay the liquidated damages in an amount of 623 million baht. After that, the company filed an appeal against the receiver's order and it might take a while to reach a judgment. Later, the company decided to negotiate with T.P.K. Ethanol to settle all lawsuits. On 20 May 2013, the compromise contract was executed by three parties. The company agreed that Bangkok Bank PCL might make payment according to the performance guarantee to T.P.K. Ethanol in an amount of 314 million baht whereas T.P.K. Ethanol agreed to purchase the equipment remaining at Patkol Public Company Limited in an amount of 14 million baht. Moreover, both Patkol and T.P.K. Ethanol agreed to revoke all lawsuits against each other and T.P.K. Ethanol had to revoke all requests for debt collection submitted to the receiver in order to limit risks both in terms of time and value of damages. Besides, the company deemed that it could grow much better if the rehabilitation plan ended. Later, the company was able to terminate the rehabilitation plan on 13 August 2013.

However, the company has determined the debt repayment schedule in the rehabilitation plan as per detail in Clause 4.4.9 if the company has to repay debt according to the bank guarantee. Such repayment would begin after the company has completed debt repayment to all other creditors under the plan.

**PATKOL PUBLIC CO., LTD. ORGANIZATION CHART**



**Management**

**Board of Committee**

A. The Company's Board of Directors: - as of December 31,2013

- |                                      |                                 |
|--------------------------------------|---------------------------------|
| 1. Asso.Prof.Dr.Somchob Chaiyavej    | Chairman , Independent Director |
| 2. Dr.Piya Chongvatana               | Director                        |
| 3. Mr. Sangchai Chotchuangchutchaval | Director                        |
| 4. Mr. Paradon Chulajata             | Director                        |
| 5. Mr. Suchart Sooksumitr            | Director, Independent Director  |
| 6. Mr. Virachai Srikajonr            | Director, Independent Director  |
| 7. Mr. Preecha Chantarangkul         | Director, Independent Director  |
| 8. Miss Nongluck Sakdakrai           | Director                        |
| 9. Mrs. Anongsiri Chaiyakul          | Director                        |
| 10. Mr. Sumet Jiambutr               | Director                        |
| 11. Mr.Panet Chongvatana             | Director and Company Secretary  |

B. The body of the nomination Committee and its independency

At present there are 11 directors, comprising of independent directors, representative of major shareholders and directors from the internal management. In order that the directors would work efficiently, it was set that at least in one year there shall be 5 directors' meeting. The agenda of each meeting shall be set up in advance and shall be sent to all the directors prior to each meeting. All the meeting consideration would be for the benefit of the shareholders with fairness and just to all involved. Each director would be allowed to give his opinion freely and between each agenda there would be sufficient time allowed for freely discussion. The Chairman would look after the meeting to make sure of the appropriate time.

The names and number of the directors having the power to sign on behalf of the Company:

“ Mr.Piya Chongvatana, Mr.Sangchai Chotchuangchutchaval, Mr.Panet Chongvatana two of the three directors co-sign their names and affix the seal of the Company or Mr.Piya Chongvatana, Mr.Sangchai Chotchuangchutchaval, Mr.Panet Chongvatana either one of them to co-sign with either one of Mrs. Anongsiri Chaiyakul, Mr.Paradorn Chulajata, Mr.Sumet Jiambutr and affix the seal of the Company”

**C. The Board of Directors' duty are :-**

- 1) Set up the vision, missions and strategy on business operation for the company's prosperity and stability as well as continuously increase the value for shareholders.
- 2) Dedicate himself and his time for the Company, shall not seek self benefits and commit any conflict of interest.
- 3) Shall consider the operation plan and develop the company ability to be compatible internationally.
- 4) Check and follow up on the operation of business group and the company. There should be the regular reports as well as giving policy to develop and adjust the business operation and company personnel.
- 5) Look after the risk management including the good governance policy to make sure that they meet the international standard.
- 6) Act according to the law, company's objectives and regulations and resolution of the shareholders with honest for the benefits of shareholders at present and in the long run.
- 7) Act according to the good governance and good practice for the director of the listed company as stipulated by the Stock Exchange of Thailand and Securities and Exchange Commission.
- 8) Evaluate the company's operation and work performance of the high level management staff.
- 9) Support the ethic and moral of employees in all levels and realize the important of the internal control system which would help reducing the risk on fraud, the over exercising of power as well as illegal practices.
- 10) Protecting the benefits of shareholders large and small according to their right and just. The shareholders should be able to exercise their right in protecting their benefits as well as receiving correct, complete, transparency and disclose information that could be checked.
- 11) The Board of Directors authorized the directors, Management Committee, sub-committees and any person or jurisdiction individually or jointly carry out any function according to the Company's objective at remuneration set by the Board of Directors. The Board of Directors has the right to change or revoke the authority given as well as to replace with more suitable person. The newly appointed person should carry out his study according to the order, regulation as well as the policy set by the Board of Directors.

**Managing Director: Scope of work of the Managing Director.**

The Managing Director has to manage the Company's general business which covers:-

1. Looking after the overall operation of the Company to meet the Company's objectives.
2. Consider and screening all types of investment before presenting them to the Board of Directors.
3. Consider, prepare and provide the annual budget to be presented to the Board of Directors.
4. Authorized the payment to projects that meet the approval of the Board of Directors.
5. Authorized the appointment of various consultants deemed necessary for the business operation as well as carry out other duties as authorized by Board of Director or directors, case by case.

**“However, the Managing Director is not allowed to approve any business that he, himself or conflict person may gain or loss, or causing the conflict of interest to the company on its affiliated firms. Unless it was approved by the Company's Board of Directors who had thoroughly considered the matter.”**

**Management Committees**

**A. List of the management committee as of December 31,2013**

- |                                       |   |
|---------------------------------------|---|
| 1. Dr.Piya Chongvatana                | Chairman of Management Committee<br>President, Patkol Plc.            |
| 2. Mr. Sangchai Chotechuangchutchaval | Vice Chairman of Management Committee<br>Executive Director-Marketing |
| 3. Mr. Sumet Jiembutr                 | Executive Director-PKM Factory  |
| 4. Mr.Sombatt Srichainont             | Executive Director-Petrochemical Business                             |
| 5. Mr. Panet Chongvatana              | Executive Director-General Affair                                     |
| 6. Mr.Adisak Poolsri                  | Executive Director of Technical and<br>Development                    |

**B. The body of the management committee**

The Managing Director is the Company's highest management personnel and shall act as Chairman of the Management Committee, comprising of 6 persons (including the Managing Director). This 6 Management Committee will manage, look after and be responsible on the company's business operation as well as set up budget, controlling the expenses as well as put up policy on personnel under the agreement of the Company's Directors

### **C. Scope of work of Management Committee.**

The Management Committee is responsible for all general duty; from planning as well as follow up and analysis. However, the major decisions such as increase or reducing of investment, the investment, the investment in other companies, etc. the Management Committee has to ask the Board of Directors for their decision.

### **2. Subcommittees**

**The Board of Directors has appointed sub-committees (2group) such as the audit committee and The Committee and consider the remuneration that have to consider and screen the important issue by carefully, in order to present the specific operations and report to the Board. The sub-committees comprise as following:**

#### **1.The Audit Committee**

##### **A. List of the Audit Committee as of December 31, 2013**

1. Mr. Suchart Sooksumitr	Chairman of the Audit Committee
2. Mr. Virachai Srikajorn	Director of the Audit Committee
3. Mr. Preecha Chantarangkul	Director of the Audit Committee

##### **B. The basic element of the Audit Committee**

The Company appointed the audit committee which consists of 3 independent directors who are not in executive positions and qualified in accordance with the regulations of the Stock Exchange of Thailand (SET). One of these must have the understanding and experience in accounting and finance. The audit committee will be in the office for indefinite term, unless otherwise terminated by retirement or discharged by the Board of Directors or relieved from the directorship.

##### **C. Scope of authorities of the Audit Committee**

1. To review the Company's financial statement for their accurate and adequate disclosure.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of an internal audit unit;



3. To review the Company's compliance with the Security and Exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To determine, select, nominate, an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - a. an opinion on the accuracy, completeness and creditability of the Company's financial report.
  - b. an opinion on the adequacy of the Company's internal control system.
  - c. an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
  - d. an opinion on the suitability of an auditor.
  - e. an opinion on the transactions that may lead to conflicts of interests.
  - f. the number of audit committee meetings, and the attendance of such meetings by each committee member.
  - g. an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter; and
  - h. other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors:
7. To prepare any other act as assigned by the Company's board of directors, with the approval of the audit committee.

**Responsibilities:** The audit committee has direct responsibilities to the Board of Directors in connection with assigned duties and responsibilities. The Board of Director is also responsible for the Company's operations towards third parties.

## **2. The nominating and compensation committee**

### **A. List of the nominating and remuneration committee**

- |                            |   |
|----------------------------|---|
| 1 Mr. Suchart Sooksumitr   | Chairman of The nominating and remuneration committee |
| 2. Mr. Paradon Chulajata   | Director  |
| 3. Miss Nongluck Sakdakrai | Director and Secretary                                |

### **B. The basic element of the nominating and remuneration committee**

The nomination committee comprises of 3 members of the Board of Directors, who are appointed by the Board in according to consider the remuneration. For the selecting the director substitute as the full-term director or substitute the empty directors and then consider the remuneration with the board of the director by compare with the identical type of business. In addition, the formal of the prevention and the correctness have fairly and impartially with everyone, including to the best efficiency with the company of organization

### **C. The qualification of the nominating and remuneration committee**

There are the qualifications of the Committee and consider the remuneration as following

1. To be the director of the company.
2. To sacrifice a time for working as per the Committee and consider the remuneration.
3. Independent director have completely as the qualifications of the Committee.

### **D. Scope of authorities of the nominating and remuneration committee**

1. To select a qualified person for directorship or managing director.
2. To establish procedures and principles for the Company's director and managing director selection for its transparency.
3. To determine and select a qualified person for the directorship and managing director and propose to the Board of Directors meeting and/or the shareholders meeting for approval.
4. To consider the remuneration of the board of the director and the committee function of sub – committee.
5. To determine the regulation of the remuneration with the director and the sub-committee of the company by fair and equitable.
6. To work other task from the director as following the searching and considering the remuneration of the board of director.

**Responsibilities:** The Nominating Committee has direct responsibilities to the Board of Directors in connection with assigned duties and responsibilities. The Board of Director is also responsible for the Company's operations towards third parties.

**Secretary of the company**

In order to comply with good corporate governance of the listed companies under the Board of Directors' responsibilities category, the Company has appointed Mr.Panet Chongvatana to be the secretary of the Company.

**Responsibilities:**

The secretary is responsible for arranging a Board of Directors and shareholders meeting. Filing the meeting minutes and directors' profile, and supporting the Board of Directors' performance pertinent to legal regulations.

**1. Remuneration for Directors and Executives**

The directors' remuneration for the year 2013 as follows:-

<b><u>Remuneration</u></b>	<b><u>Remuneration rate</u></b>
<b>1.) The Company's directors</b>	
- Monthly remuneration (pension)	*Chairman 52,550 Baht
	* Director 23,100 Baht /person
-Meeting attendance payment	* All directors 10,000 Baht/meeting
<b>2.) Sub-committees</b>	
- Audit Committee	* Monthly remuneration 23,100 Baht /person
- Nominating Committee	* None
- Remuneration Committee	* None

**Remarks:** This amount did not include the remuneration paid to Management Committee who were not on the Board.

The total remuneration paid to the Management Committee for the year 2013 was 48,778,360 Baht being salaries, bonuses, provident fund and others.

**Remarks:** The paid remuneration were paid to:

1. Company's directors who were the Management Committee.
2. Management who were the Management Committee.

**The total remuneration of employees**

The total remuneration for the 1,237 employees as of December 31, 2013 was 505,923,964 Baht as detailed below:

Remuneration Type	Total mount (Baht)
Wages/salary	410,248,785
Incentive	79,466,754
Provident fund	8,861,014
Social security fund	7,347,411

**Records of the Director's meeting**

Name	Audit Committee	Board of Directors Committee
1. Asso.Prof.Dr.Somchob Chaiyavej		2/4
2. Dr. Piya Chongvatana		4/4
3. Mr.Sangchai Chotechuangchutchaval		4/4
4. Mr. Paradorn Chulajata *	4/7	3/4
5. Mr. Suchat Suksumitr	7/7	4/4
6. Mr. Veerachai Srikajorn	7/7	4/4
7. Mr. Preecha Jantrarangkul	7/7	4/4
8. Mrs.Anongsiri Chiyakul		4/4
9. Miss. Nongrak Sakdakrai		4/4
10. Mr.Panet Chongvatana		4/4
11. Mr.Sumat jiambutr		4/4

\* Mr. Paradorn Chulajata is the advisor to the audit committee

## **Management Operation**

The company's performance as the Security Exchange of Thailand Act and stock exchange with principle (Code of Best Practice) as the way of stock exchange of Thailand by following 5 group that is up authority of shareholder. The role of the interest and shareholder are equal and responsibility with the board of the director as follow:

### **1. Policy on corporate governance.**

The Company management team realized the importance of good corporate governance which had made the Company's trust worthy firm and gained trust from shareholders, customers, employees as well as society. The main practices of the company are :-

1. Treated all the shareholders fairly and in accordance with global standard business operation.
2. Established the good workforce in order to yield the highest value to the Company's products in order to gain trust from customers.
3. Set up the operation target with clear strategy for the steady growth of business.
4. Set up the employee's etiquette, however, while preparing this etiquette the employees should keep strictly the Company's motto which is sincere and intent
5. Arranged to have suitable internal control and constantly analyzing the management risks to make sure that the Company has certain risk in accordance to the situation.
6. The company will disclose the correct information to the shareholders and manage the transparency business.

### **2. Shareholders rights.**

The company held one ordinary shareholders meeting. The meetings was held at the Company's premises for the convenience of the shareholders. Also, the company had sent the notice of the meeting and relevant documents to all the shareholders not less than 7 days before the meeting date. The company also provided the proxy form in case the shareholders were not able to participate.

### **3. Right of various groups of stakeholders.**

The Company are well aware that its operation involved various groups of stakeholders and had ensured that their rights are protected and treated with care such as :-

- 1) The management and all the staff are trust worthy and would use their ability at the fullest. All the decisions are transparency and will yield the benefits to shareholders, customers, debtors and the public

- 2) The management and staff will not disclose the company's inside information to the public for their own benefits.
- 3) The management and staff will not do anything that would cause conflict of interest, without the Company's permission.
- 4) The Company has disclosed sufficient financial information basing on the accounting standard, security codes and Security Exchange Committee.
- 5) The Company has disclosed the Company's operation and be fair to all the shareholders and customers.
- 6) It is the Company's policy to carry out a fair share to all the company's competitors.
- 7) The company will not wrongly obtain inside information or secret of the competitors.
- 8) The Company is strictly responsible to all the agreements made with suppliers and debtors.
- 9) The Company gives suitable salary to all their staff basing on each individual knowledge, capability and responsibility.
- 10) The Company has continuously supported the personnel development to ensure the sound standing of its staff.
- 11) The Company has followed all the rules and regulations of the labour laws and workman compensation.
- 12) The Company supported the public and community activities.
- 13) The Company will refrain from wrong doing that may damage the country reputation, natural resources and environments.
- 14) The Company will not support any individual who may commit the outlaw business, doing harm to the public or the country's stability.
15. The stakeholders' rights are also prescribed in the Company's ethics as follows:
  - Customers  
The Company responds to customers' needs with quality products and equitable services, loyalty, and protection of their interests as well as their confidential information.
  - Shareholders  
The Company equally respects all shareholders' rights and performs its businesses by efficiency, loyalty, transparency, and non-disclosure of information for its owns benefits, and disclosure of accurate and adequate financial information to shareholders.

- Employees

The Company recruits and maintains qualified employees to carry out the performances as well as continuously improves their capabilities. For instance, the Company has provided an English class for employees who are in need for the language their career part and security. Furthermore, all remuneration and benefits are appropriately in line with their skills and capabilities such as Provident fund and special work allowance. These include safe and hygienic work place that facilitates effective working environment.

- Alliances and partners

The Company collaborates with the partners in exchanging information for mutual benefits and upholds loyalty and fairness by encompassing all opinions, suggestions, and explanations.

- Society and environment

The Company has consistently continued to support social and environmental activities such as making donations to needy schools, charities, flooding victims, etc.

#### **4. Shareholders Meeting**

According to the 1992 Public Company' s Law, the Company would held General Shareholders' meeting at least once a year to consider various matters as stipulated by law. During the meeting, the Company gave the right to shareholders to view their opinions and answer their queries.

In each meeting, the Company's directors, auditor and legal advisor were participated in order to give answers to the shareholders.

In each meeting the Company's Managing Director, as Chairman of the meeting had given sufficient time for each meeting agenda for shareholders queries.

#### **5. Leadership and Vision.**

The Company's directors perform their role in determining the Company's policies, goals and budgets and follow up to ensure that all are efficiently practiced in order to yield the fullest benefits for shareholders.

#### **Vision & Mission**

##### **Vision**

PATKOL serves the world with friendly engineering in Refrigeration, Ice and Food Processing

### **Mission**

1. We will promise commitment to our customers and will always concern to the optimum benefits of our customers.
2. We will develop our human resources both in professional and management skills to be efficient and competitive.
3. We will be innovative and devoted to develop our machines and our technology to maintain the leading edges in all our businesses.
4. We will develop to be an IT organization with simplify work process and real time information for quick and correct decision.
5. We will contribute to the society and the environmental preservation

The directors had set up internal audit committee for internal checking and set up efficient risk management with proper follow up during the directors meeting.

### **6. Conflict of Interest**

The Company has an adequate plan to avoid the conflict of interest (see detail on Management of Internal Information as 56-1 on page 40 and Connected Transaction as page 44) for the benefits of the Company, the shareholders and the public. However, the connected transactions are completely disclosed in the yearly report.

### **7. Business Ethic**

The Company has a written code of ethics in the compliance manual, item 4, the code of corporate ethics, which was given to its entire staff so that they could conduct the business accordingly.

### **8. Balance of power in the Board of Directors**

Out of the 11 directors, 4 of them are executive directors, 7 are non-executive directors and 4 are the independent directors, 3 of them, who hold the position of audit committee as well. Therefore, there are only 4 independent or one-third of them, or 36.36% of the board.

### **9. Aggregation or segregation of positions**

The Company's Chairman of the Board is independent and does not hold the position of managing director. The authority of the board's chairman and head of management team are clearly separated.



#### **10. Directors and Management Remuneration**

The nominated directors for considering remuneration submitted their policy and scheme on remuneration to be paid to the company's directors and management and had been adopted by the shareholders' meeting.

The remuneration paid for the year 2013 is shown in page 41 remuneration for directors and management.

#### **11. Board of Directors' Meetings**

The Board of Directors meetings were set well in advance each year. The meetings were held every 3 months; the Company will send the meeting agenda 7 days before each meeting date.

The Audit Committee's meeting was held once a month and the date was set well in advance, the relevant documents were sent 7 days prior the meeting date.

#### **12. Special Committees.**

The Company's management set up special committee for particular matters such as audit committee, sub-committee for selecting auditors, sub-committee for remuneration. These special committees should report their work to the company's management.

#### **13. System Control and Internal Auditing.**

The Company has set up regulations to control the working procedures as well as having internal audit committee to recheck the work to ensure the work efficiency and constant internal check up in all process. The audit committee was allowed to work independently and in accordance to the global standard and reported directly to the Managing Director.

#### **14. Management on Use of Internal Information**

The Company reviewed the regulations and use of internal information to prevent crucial information and know-how from loss and/or to protect insiders/outside from using such information for their personal purposes. In case an employee or an executive discloses the said information or makes use for his/her personal purpose or carries out any action that may cause the conflict of interest, such the person will be penalized.

## 15. Directors' Report

The Company's directors are responsible for the consolidated financial statements of the Company and its affiliated firms as well as yearly reports. The Audit Committee together with the independent auditors, are responsible for the balance sheets of the Company and its affiliated firms to make sure that those balance sheets are according to the acceptable accounting standard as stipulated by the Security Exchange Committee and Security Exchange Board.

## 16. Independence and Definition of the Independent Directors

The independent director, under the definition stipulated in the Company's corporate governance policies, means an independent director who is qualified for his/her independency under the qualification of SET regulations and shall be able to equally take care of shareholders' benefits and to prevent them from the conflict of interests. In addition, the directors will be able to attend the Board of Director meeting and provide their opinion independently, which comment be detailed as follows:

1.) Hold shares not exceeding 0.5% of the paid-in capital in the Company, affiliated companies, joint companies, or other related companies. Whereas, the share holding will include a number of shares held by related parties.

2.) Do not involve in the management of the Company, affiliated companies, joint companies, other related companies, or the major shareholders and are not a worker, an employee, or a consultant who receive monthly salary from the Company, affiliated companies, joint companies, other related companies, or the major shareholders.

3.) Do not have any benefits or interests either directly or indirectly in finance and management of the Company, affiliated companies, joint companies, or the major shareholders and did not have such the said benefits or interests one year prior to appointment unless the Board of Directors has carefully considered and agreed that such the benefits or interests involvement will not affect the performance and their independent suggestion.

4.) Are not related or close relatives to the Executives or the Company's major shareholders.

5.) Are not assigned as proxy to maintain interests for the Company's directors, the major shareholders, or shareholders who are related to the major shareholder.

6.) Can perform, recommend, or report the results of performances as assigned by the Board of Directors without any control of management or major shareholders, including related persons or close relatives of the said parties.

## 17. Directors Nomination and Appointment Process

The Company has appointed and assigned the nomination sub-committee to establish principles and policies in electing a qualified person to assume the directorship in accordance with the Articles of Association and other relevant laws. The sub-committee also performs the selection of a qualified person and proposes for the directorship to fill the vacancy by which the committee will determine the education background and experience as well as his/her professionals as for facilitating the decision making of the Board of Directors and the shareholders.

Additionally, in every annual ordinary shareholder meeting, one-third of the directors will have to resign. If the number of directors cannot be divided into 3 part, the resignation will be made to a number close to the one-third. The resignation from the directorship in the first and second year after the registration in SET will be made by a draw. For the later years, the directors who are in the post for the longest period will make the resignation. The resigned directors, however, may be selected to resume the post.

In case of vacancy due to other causes rather than retirement by rotation, the committee will select a qualified person who is not in prohibited quality under Section 68 of Public Company Limited Act 1992 A.D. to assume the directorship. Unless the term of the said director is less than 2 months, the person who assumes the directorship will be in his/her post only for the rest of the term of the former director.

Whereas, the Company provides the shareholders meeting to appoint a director in accordance with the principles and procedures prescribed in the Articles of Association as follows:

- 1.) One shareholder has a number of votes equal to the number of share(s) held.
- 2.) Each shareholder can exercise all votes under Clause(1) to appoint one or more persons. In case of appointing many persons to be the directors, the unequal number of votes cannot be specifically given to a particular person.
- 3.) The person of the same number of vacant posts who receive the highest votes will be appointed as directors, In case of a tie, causing the exceeding number of the vacancy, a draw will be made to obtain the required number.

The Company has not determined the maximum number of occasions a director can be re-elected, or his/her age, but will take into consideration his/her time, capabilities and knowledge devoted to the Company in performing duties.

**18. Investors Relation**

The Company has an investor relation unit which carries out the promotion and communication with shareholders investors as well as other interested persons in the Company's performance. Any interested person can contact directly at office of president, Tel. 02-328-1035-49 Ext. 240 , 813 or visit the website [www.patkol.com](http://www.patkol.com)

**Personnel**

As at December 31, 2013 , there were 1,237 employees, divided according to the main business lines as follows :-

Department	Engineers	Workers	Others	Total
Management (E1-E3)	-	-	17	17
Refrigeration (RF)	27	53	28	108
Ice Machine (IM)	34	53	24	111
Liquid processing (FD)	50	32	22	104
Food processing (FP)	14	14	5	33
Petrochemical & Turnkey (PP)	22	1	6	29
Service (SV)	9	110	32	151
Spare parts (CS)	-	-	22	22
Finance & Accounting (AF)	-	-	37	37
Services (SV)	1	15	27	21
Purchasing / Admin. / Personnel/Admin BU	10	6	232	248
Technical & Development (T&D)	23	3	10	36
Factory Personnel 1 (KK)	45	184	112	341
<b>Total</b>	<b>234</b>	<b>456</b>	<b>547</b>	<b>1,237</b>

**Policy on Personal Department.**

1. Develop, improve and modernize the Organization' human resources management and its work could be efficiently appraised and measured.
2. Select knowledgeable staff, suitable for each position.
3. Keep the selected ones by giving them fair, motivated and competitive remuneration.
4. Build good relation between employers and between the company and employers. Improve working environment, provide safety precaution, reducing accident as well as granting suitable fringe benefits.
5. Develop on workers skill through in-house and outside training.

## Internal Control

The audit committee meeting No.1/2557 on February 25, 2014 carried out the evaluation on the Company's internal control system and came to the conclusion on the internal control system sufficiency in 5 parts as follows:

**Part 1. Organization and Environment**

The goals of the Company's businesses are set up as clear, possible and measurable. The Company set up the organization structure that facilitates management to carry out efficient performance and achieve the goals of the company under regulation and penalty. The executive director and employee are not take action that seem to conflict with the benefit of company .the financial, supply chain, and management have rule and policy for operation performance that should consider the customer and the benefit of company.

**Part 2. Risk Management**

The company manages all risks by consistently evaluating both internal and external factors that can be attributed to the cause of such risks and provided risk management measures, including monitoring its planed performance

**Part 3 Operation Control of the management**

The management's operations are clearly and independently separated by responsibilities such as approval, accounting and information technology, and assets management.

The approval on transaction of the company with major shareholders, directors, executives, or other related parties to the said will be based on maximum interests of the Company as though of any person in general.

#### **Part 4. Information Technology and Communication**

The Company always provides adequate crucial information as for facilitation decision making of the Board of Directors. The directors will be notified for a meeting appointment of provided necessary and adequate information for consideration 7 days prior to the meeting. Accounting record and other relevant document will be categorized and filed in accordance with accounting policy under generally accepted the accounting principles and the business characteristics appropriateness.

#### **Part 5. Monitoring System**

The company monitors general operations by comparing to the business purposes. The internal auditor will examine the compliance with the internal control system and directly report to the audit committee and examined parties. Any subject defects will be reported to the audit committee in due course as well as the progress on defect improvement to the management.

### **Audit Committee Corporate Governance Report of the year 2013**

To Shareholders of Patkol Public Co.,Ltd

Patkol Public Co.,Ltd's Board of Directors appointed the Company's audit committee, comprising of 3 directors who are an honor person of law, finance, and organization management, namely Mr.Suchart Suksumitr, Chairman of the Audit Committee , Mr.Virachai Srikajorn and Mr.Preecha Chantharangkul Director of the Audit Committee.

In 2013, The Audit Committee had held 7 meeting which the internal auditor had attend 3 meeting for verify and financial report. The audit committee can be concluded as follow:

#### **1. Control of the environment**

The performance of the policy has the organization structure, approval power and performance processing. The employees must acknowledge and following as manual work.

The budget and organization strategy plan are similar with the operation performance. The organization strategy can control and compare between operation performance and budget plan.

For the business relationship, the company has the human resource policy such as salary, training, remuneration and improving the employees.

**2. Monitoring on risk management**

The audit committees consider the risk of the financial budget as following:

- a. The audit committee had checked the important management such as project management, debtor, and merchandise inventory including suggestion.
- b. According to the major activity of company, there are important project such as planning, setting or installing, safety, contractor management, human resources and environment of the company.

**3. The evaluation and control the internal audit**

The director inspect the operation plan as per the policy and regulation of company. For the evaluation and effect of the business will summary and present to the board of the director.

**4. The auditor of the selection**

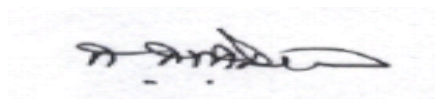
The audit committees and the board of director were considering and appoint Karin Audit Co., Ltd. to be the auditor of company and considering the remuneration with suitable job on the year 2014.

**5. The important event of the year 2013**

The court had canceled the rehabilitation of our company on August 13, 2013. The company was starting the rehabilitation since October 20, 2009.

February 25, 2014

On behalf of the audit committee



(Mr. Suchart Sooksumitr)

Chairman of the Audit Committee

## Major Shareholders

List of names and ratio of shares owned of the first 10 major shareholders ( information from the report on shares distribution as at December 31, 2013 )

No.	Name of person / Private Co.,	No. of shares	Percentage of shares
1	Mr. Piya Chongvatana	54,869,844	13.23
2	Bangkok Bank Pcl.	49,307,800	11.89
3	Mrs. Vipa Chulajata	48,216,475	11.63
4	Miss Ratchanee Chongvatana	45,970,942	11.09
5	Mr. Sangchai Chotchuangchutchaval	45,041,303	10.86
6	Miss Nongluck Sakdakrai	27,285,080	6.58
7	Mr.Suvit Rungjoedpha	23,700,000	3.22
8	Mr.Panet Chongvatana	13,348,742	3.04
9	Mrs. Noppavan Chongvatana	12,624,151	3.04
10	Mr.Prayut tepmongkorn	5,200,000	1.25



## Transactions with Related Parties

Related transactions among the companies in Patkol Group were normal business to business traders. The pricing will be based on comparison of the prices and the market or a similar type of business by adding on profits as follows :

	Pricing policies
Sales of products and services	Costs plus profit of 1% or more Finished products – Costs plus profit of 5% or more
Procurement of products and services	Costs plus profit of 5% or more
Rental and service fees for the buildings	In accordance with the contracts 1,000-162,896 baht/month
Related Interest	The interest rate of 6.875 – 7.75% per annum for lending and loan

In approving relate transactions, the Company has prescribed a clear authorization, based on the consideration of the balance between flexibility in normal business operations and proper internal control system. Such the subjects were consistently reviewed by the audit committee. For the related transactions, the Company has considered maximum benefits to the group by receiving and compensating in respect with a business type and in fair market price.

# Comparative Data

## PATKOL PUBLIC COMPANY LIMITED

	2556 / 2013	2555 / 2012	2554 / 2011	2553 / 2010	2552 / 2009
Total Assets	2,897	2,699	1,948	1,661	1,387
Total Liabilities	2,171	1,909	1,658	2,624	2,416
Total shareholders' Equity	727	791	290	-964	-1,029
Sales and services income	4,121	3,407	3,116	2,339	1,647
Total Revenue	4,173	3,457	3,178	2,358	1,679
Gross Profit	790	619	597	503	91
Net Profit before interest and tax	-33	355	982	222	-817
Net Profit(Loss)	-64	383	942	68	-960
Net profit margin	-1.5%	11.1%	24.7%	2.9%	-57.2%
Return on Total Assets	-2.7%	17.6%	52.2%	4.4%	-47.9%
Net Profit per share (Baht)	-0.16	0.92	2.97	0.25	-3.67
Dividend per share (Baht)	0.00	0.00	0.00	0.00	0.00
Book Value per share (Baht)	1.75	1.91	0.91	-3.54	-3.93

# Comparative Data

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

	2556 / 2013	2555 / 2012	2554 / 2011	2553 / 2010	2552 / 2009
Total Assets	3,177	3,149	2,378	2,123	1,766
Total Liabilities	2,407	2,294	2,051	3,039	2,789
Total shareholders' Equity	762	848	320	(923)	(1,030)
Sales and services income	4,233	3,580	3,102	2,432	1,699
Total Revenue	4,292	3,639	3,802	2,460	1,721
Gross Profit	903	709	684	614	76
Net Profit before interest and tax	(20)	368	1,009	305	(922)
Net Profit(Loss)	(83)	366	946	110	(1,091)
Net profit margin	-1.9%	10.0%	29.7%	4.5%	-63.4%
Return on Total Assets	-3.1%	14.1%	42.2%	5.5%	-44.2%
Net Profit per share (Baht)	-0.21	0.94	3.01	0.39	-4.17
Dividend per share (Baht)	0.00	0.00	0.00	0.00	-0.01
Book Value per share (Baht)	1.85	2.06	1.01	-3.39	-3.93

## Result from Business Operation

### Business Plan Results

In 2013, the company's revenue from sales and services was 653 million baht or 18% higher than that of the previous year. Most of the revenue was from icemaker and refrigeration system business as well as machinery, liquid product systems and food processing business, respectively. The sales volume in Thailand was about 83% and another 17% was from overseas.

### Business Operation

#### ❖ Overall pictures of the past operation

The Company's overall operation for 2012-2013 was as follows :-

Unit : million baht

Consolidated (Million Baht)	Year 2013		Year 2012		Variance	
	Total	%	Total	%	Total	%
Sale and services income	4,233.40	100%	3,580.21	100%	653.19	18.2%
Cost of sales and service	-3,330.37	-78.7%	-2,871.58	-80.2%	-458.79	16.0%
Gross profit (loss)	903.04	21.3%	708.63	19.8%	194.41	27.4%
Other income	58.72	1.4%	59.06	1.6%	-0.34	-0.6%
Selling expenses	-96.20	-2.3%	-77.91	-2.2%	-18.29	23.5%
administration expenses	-571.86	-13.5%	-321.29	-9.0%	-250.57	78.0%
Other expenses – Loss on litigation case	-314.00	-7.4%	-0.00	0.0%	-314	-
Income before financial cost	-20.30	-0.5%	368.49	-10.3%	-388.79	-105.5%
Finance cost - Interest expenses	-27.28	-0.6%	-17.91	-0.5%	-9.36	52.3%
Profit (Loss) before income tax	-47.58	-1.1%	350.58	9.8%	-398.16	-113.6%
Corperate income tax	-34.93	-0.8%	14.98	0.4%	-49.92	-333.1%
Earnings (Loss) for the periods	-82.51	-1.9%	365.56	10.2%	-448.07	-122.6%
Other comprehensive income:	-2.74	-0.1%	23.33	0.7%	-26.07	-111.8%
<b>Earnings (Loss) and total comprehensive income</b>	<b>-85.25</b>	<b>-2.0%</b>	<b>388.89</b>	<b>-19%</b>	<b>-474.14</b>	<b>-121.9%</b>

Based on the above data, the loss in 2013 was primarily caused by the company's execution of the compromise contract to end all litigations regarding the ethanol project, causing the company to pay an amount of 314 million baht. Excluding the damages caused by this case, the company would have a profit of 229 million baht or 5.4% of its revenue, which was lower than that of the year 2012 that was at 10.9% of the total revenue. The main reason for this was an increase in the administrative expenses. In the year 2012, the administrative expenses were estimated at 9% of the revenue whereas in 2013, they increased to 13.5% of the revenue because in 2013 the company increased the number of personnel and consultants for human resources development, improved the factory work processes, and made improvements to some machines in order to be prepared for the company's expansion both in and outside Thailand. Furthermore, in 2013 the company set up its representative offices overseas, including Indonesia, Philippines, and Malaysia. The company received a very good response from all of those countries. When analyzing the company's ability to control the sales and service costs, it was found that the company could do better than the previous year. That is to say in 2013, the company's cost of sales and services estimated at 78% of the revenue whereas in 2012, its cost of sales and services was at more than 80% of the revenue.

## The Operation of each Business Unit

### 1. Income from sales and services

Consolidated Amount (Million Baht)	Ice machine and Industrial refrigeration machine	Machineries for Liquid and food processing	Turnkey project	Service and others	Central management	Total
2013						
Sales and services - domestic	1,553.75	1,156.40	397.00	388.05	0.05	3,495.25
Sales and services - overseas	492.76	214.89	0.00	30.50	0.00	738.15
Total	2,046.51	1,371.29	397.00	418.55	0.05	4,233.40
Cost of goods sold	(1,563.77)	(1,076.96)	(346.91)	(271.59)	(71.14)	(3,330.37)
Gross Profit	482.74	294.33	50.09	146.96	(71.09)	903.03
% of profit per total sales	24%	21%	13%	35%	-142180%	21%
% sales per total Sales	48%	32%	9%	10%	0%	100%

2012						
Sales and services - domestic	1,007.15	1,145.25	404.08	347.83	(3.39)	2,900.92
Sales and services - overseas	442.89	197.35	0.00	39.05	0.00	679.29
Total	1,450.04	1,342.60	404.08	386.88	(3.39)	3,580.21
Cost of goods sold	(1,126.04)	(1,102.41)	(338.35)	(220.98)	(83.79)	(2,871.57)
Gross Profit	324.00	240.19	65.73	165.90	(87.18)	708.64
% of profit per total sales	22%	18%	16%	43%	-100%	20%
% sales per total Sales	41%	38%	11%	11%	0%	100%
% Product growth	41%	2%	-2%	8%	0%	18%

Most of the company's revenue was from icemakers and refrigeration systems, which represented about 48% of the total revenue whereas 32% of the total revenue was from machinery, liquid product and food processing system business, the other 10% of the total revenue was from services, and 9% of the total revenue was from Turnkey project.

The gross profits of icemaker and refrigeration system line, service line, and machinery, liquid product and food processing system line increased largely from the last year because the company tried very hard to control the gross profits, either adjusting prices to meet the raw material costs from time to time or cost controlling. However, the gross profits from services and spare parts and turnkey project were lower than those in the previous year because the company had sold the parts and semi-finished goods of the ethanol project to T.P.K. Ethanol at 14 million baht as agreed in the compromise contract, resulting in a loss, which made the overall gross profit lower than that of the previous year.

## 2. Other revenues

The other revenues include interest received, product recommendation fees, blue-corner tax (tax compensation for export goods), gain on exchange, and revenue from sales of some assets.

**3. Costs and Expenses of Sales and Services**

- The company's cost of sales and services reduced because the company tried to manage cost from the policy level by determining standard margin of each product and developing clear KPI for project managers. Additionally, the company tried to seek for new sources of raw materials and new suppliers to stimulate price competitions.
- The company's sales expenses increased from 78 million baht to 96 million baht. However, the proportion of its sales expenses to revenue was 2.3%, which was close to that of the year 2012.
- A comparison showed that the sales and administrative expenses in 2013 were higher than the same in 2012 because the company increase workforce from 1,029 persons at the end of 2012 to 1,237 persons in 2013 to meet the tremendous increase in quantity of work, get prepared for business expansion both domestically and overseas, improve work processes of the production department, and improve and develop some machines.
- A portion of the company's administrative expenses was incurred as a result of establishment of representative offices in Indonesia, Philippines, and Malaysia.
- The company had a policy to set up allowance for doubtful accounts in accordance with the outstanding amount in order to control and monitor its debtors closely. In 2013, the company set up a larger amount of allowance for doubtful accounts since it decided to take legal actions against some debtors. At present, the company is very serious about giving credit to customers, develops stricter credit policies, and controls new debtors more closely. It can be seen from the fact that there are no problems with new debtors.
- The company agreed to execute a compromise contract to terminate the litigations regarding the ethanol project with T.P.K. Ethanol Co., Ltd. and Bangkok Bank PCL, the financial institution issuing the bank guarantee, on 20 May 2013. Both the company and T.P.K. Ethanol agreed to revoke all litigations between each other. Moreover, T.P.K. Ethanol had to revoke all requests for debt collection submitted to the receiver. As a result, the company lost 314 million baht to settle the lawsuits on this matter.
- The company's interest expenses were higher than the previous year because it had to pay interests according to the rehabilitation plan. However, the proportion of its interest expenses to revenue was 0.6%, which was quite close to that of the year 2012.

❖ **Investment Policy**

In 2013, the company determined the investment budget to purchase additional assets in favor of business expansion and improvements of the factory in Kingkaew. Since the quantity of work increased continually in 2013, the company decided to expand the production area to Kingkaew Factory.

❖ **Control and Supervision of Subsidiary and Associated Companies**

The company controls and supervises its subsidiary and associated companies to have policies and business plans that are consistent with those of the company and support the company's policies and major work plans. The company invests in and gives importance to businesses that it is experienced in and are close to the company's existing business. To ensure effective management, the executives will send a management team to jointly and closely determine the policies, budget, and marketing and production plans of the subsidiary and associated companies in order to allow them to use and benefit from the company's available information and resources, which will further result in the better operating results as a whole.

# Annual Report 2013 as at 31 December 2013

## FINANCIAL POSITION AND RESULTS OF OPERATION

FINANCIAL POSITION AND RESULTS OF OPERATION

PATKOL PUBLIC COMPANY LIMITED

(Baht'000)

BALANCE SHEET AS AT DECEMBER 31	2013		2012		2011	
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	435,181	15%	426,268	16%	240,682	12%
Current investment	100,000	3%	100,000	4%	50,000	3%
Trade and other receivables - net	621,468	21%	520,484	19%	456,374	23%
Trade and other receivables- related parties - net	181,598	6%	252,398	9%	130,752	7%
Installments receivables - net	0	0%	0	0%	5,355	0%
Unbilled revenues from sales and services – net	241,827	8%	237,839	9%	161,716	8%
Short term loans to related companies	174,683	6%	0	0%	0	0%
Inventories – net	207,655	7%	211,666	8%	152,234	8%
Other current assets	37,295	1%	65,795	2%	100,353	5%
<b>Total Current Assets</b>	<b>1,999,706</b>	<b>69%</b>	<b>1,814,449</b>	<b>67%</b>	<b>1,297,466</b>	<b>67%</b>
<b>NON-CURRENT ASSETS</b>						
Installments receivables	0	0%	0	0%	0	0%
Deposits at bank with commitment	5,939	0%	5,863	0%	3,515	0%
Investments for using the equity method	109,749	4%	110,249	4%	110,249	6%
Property , plant and equipment -net	513,581	18%	473,255	18%	436,553	22%
Intangible assets - net	20,843	1%	20,843	1%	20,843	1%
Unused land in operations - net	42,266	1%	3,477	0%	5,421	0%
Deferred tax assets	183,966	6%	196,706	7%	0	0%
Other non-current assets	21,027	1%	74,509	3%	73,561	4%
<b>Total non-current assets</b>	<b>897,372</b>	<b>31%</b>	<b>884,902</b>	<b>33%</b>	<b>650,142</b>	<b>33%</b>
<b>TOTAL ASSETS</b>	<b>2,897,078</b>	<b>100%</b>	<b>2,699,351</b>	<b>100%</b>	<b>1,947,608</b>	<b>100%</b>
<b>LIABILITIES AND SHAREHOLDERS'EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Bank overdrafts and short-term loans from financial institution	3,614	0%	3,736	0%	4,883	0%
Trade accounts payable	340,612	12%	250,031	9%	158,199	8%
Trade accounts payable - related parties	100,318	3%	3,476	0%	12,172	1%
Current portion liabilities under rehabilitation plan	158,033	5%	217,166	8%	61,394	3%
Long-term liabilities on immediate demand	0	0%	0	0%	0	0%
Current portion of long-term debts	0	0%	0	0%	0	0%



# Annual Report 2013 as at 31 December 2013

Short-term loans from other persons	0	0%	0	0%	0	0%
Short-term loans from related persons and parties	0	0%	0	0%	0	0%
Financial liabilities - convertible preferred shares	0	0%	0	0%	0	0%
Collections in excess of earned revenues	493,743	17%	568,526	21%	391,386	20%
Other current liabilities	71,299	2%	64,477	2%	45,837	2%
<b>Total current liabilities</b>	<b>1,167,619</b>	<b>40%</b>	<b>1,107,413</b>	<b>41%</b>	<b>673,872</b>	<b>35%</b>
<b>NON-CURRENT LIABILITIES</b>						
Long - term loans from related parties	0	0%	0	0%	0	0%
Liabilities under rehabilitation plan - net	877,493	30%	682,438	25%	944,650	49%
Liabilities under compromise agreement - net	0	0%	0	0%	0	0%
Long - term loans - net	0	0%	0	0%	0	0%
Liabilities under financial lease agreement - net	0	0%	0	0%	0	0%
Deferred tax liabilities	71,064	2%	71,859	3%	0	0%
Financial liabilities - convertible preferred shares	54,386	2%	46,816	2%	39,313	2%
<b>Total non-current liabilities</b>	<b>1,002,943</b>	<b>35%</b>	<b>801,113</b>	<b>30%</b>	<b>983,963</b>	<b>51%</b>
<b>Total liabilities</b>	<b>2,170,562</b>	<b>75%</b>	<b>1,908,525</b>	<b>71%</b>	<b>1,657,835</b>	<b>85%</b>
<b>SHAREHOLDERS' EQUITY</b>						
Convertible preferred shares	79,487	3%	79,487	3%	79,487	4%
Share capital - common shares authorized, issued and fully paid-up	414,608	14%	414,608	15%	414,608	21%
Warrant	111,456	4%	111,456	4%	111,456	6%
Premium on preferred shares	4,769	0%	4,769	0%	4,769	0%
Premium on common shares	8,543	0%	8,543	0%	8,543	0%
Discount on common shares	-22,089	-1%	-22,089	-1%	-22,089	-1%
Revaluation increment in land	268,701	9%	271,445	10%	315,143	16%
Retained earnings - Appropriated for reserve fund	32,000	1%	32,000	1%	32,000	2%
Unappropriated retained earnings	-170,959	-6%	-109,393	-4%	-654,144	-34%
<b>Total Shareholders' Equity - net</b>	<b>726,516</b>	<b>25%</b>	<b>790,826</b>	<b>29%</b>	<b>289,774</b>	<b>15%</b>
	0%		0%		0%	
	0%		0%		0%	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,897,078</b>	<b>100%</b>	<b>2,699,351</b>	<b>100%</b>	<b>1,947,608</b>	<b>100%</b>
<b>STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31</b>	<b>2013</b>		<b>2012</b>		<b>2011</b>	
Sales and services income	4,120,699	100%	3,407,312	100%	3,116,262	100%
Costs of sales and services	-3,330,899	-81%	-2,788,671	-82%	-2,518,819	-81%
Gross profit (loss)	789,800	19%	618,641	18%	597,442	19%
Other income -Gain on debt restructuring	0	0%	0	0%	633,916	20%
Other income	52,060	1%	49,799	1%	61,693	2%

# Annual Report 2013 as at 31 December 2013

Selling expenses	-80,808	-2%	-65,651	-2%	-79,911	-3%
Administrative expenses	-479,612	-12%	-247,896	-7%	-228,670	-7%
Other expenses - Loss on impairment of assets	-500	0%	0	0%	-2,498	0%
Other expenses - Loss on litigation case	-314,000	-8%	0	0%	0	0%
Other expenses - Doubtful accounts	0	0%	0	0%	0	0%
<b>NET INCOME FROM OPERATION</b>	-33,060	-1%	354,894	10%	981,971	32%
Share of profits (losses) from investments for using the equity method	0	0%	0	0%	0	0%
Finance cost - Interest expenses	-15,875	0%	-2,851	0%	-37,991	-1%
Profit (Loss) before income tax	-48,935	-1%	352,043	10%	943,980	30%
Income tax	-12,631	0%	11,784	0%	0	0%
Profit (Loss) for the period	-64,310	-2%	383,157	11%	941,725	30%
<b>CASH FLOWS</b>	<b>2013</b>		<b>2012</b>		<b>2011</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Profit (Loss) before income tax	-48,935		352,043		943,980	
Adjustment						
Equity (gain) loss from investments	0		0		0	
Depreciation	19,666		12,747		14,118	
Amortized intangible assets	3,138		3,771		6,532	
Bad debt and doubtful accounts	24,018		8,700		-26,261	
Allowance for devaluation of inventories	10,092		-1,712		-22,265	
Gain on sales of fixed assets	-6,386		-5,104		459	
Write off damaged fixed assets	0		0		0	
Gain on debt restructuring	0		0		-633,916	
Loss on impairment of assets	0		-8,800		2,498	
Loss on devaluation of investments.	500		0		0	
Unrealized loss on exchange rate	-2,959		-456		605	
Dividend received	0		0		0	
Provision for liabilities	3,250		-13,095		8,954	
Estimated liability-Loss of guarantee	0		0		11,443	
Amortized intangible assets	7,570		7,503		4,518	
Amortized income tax	2,019		27		0	
Allowance for income tax withholding.	21,055		0		0	
Interest income	-10,938		0		0	
Interest expenses	15,875		2,851		37,991	
Loss on litigation case	314,000		0		0	
(Increase) Decrease in changes in parts of operating assets	351,964		358,475		348,655	

## Annual Report 2013 as at 31 December 2013

(Increase) Decrease in current investment	0	0	-50,000
Trade accounts receivable	-99,916	-95,309	-33,960
Accounts receivable - related parties	48,833	-219,605	-130,141
Installments receivables	1,917	7,241	10,548
Unbilled receivable	-27,700	-55,480	-8,328
Inventories	-6,081	-57,720	-5,708
Other current assets	28,500	34,558	-45,137
Other non-current assets	0	0	2,371
Increase (Decrease) in changes in parts of operating liabilities			
Trade accounts payable	90,250	92,258	54,123
Accounts payable - related parties	118,808	89,264	-56,753
Collection in excess of earned revenues	-74,783	177,140	28,278
Other current liabilities	3,571	31,735	-32,532
Cash generated from operation	435,363	362,557	81,417
Cash received from interest	9,255	0	0
Cash paid for interest	-13,618	-2,851	0
Income tax paid	-21,822	-19,287	-12,809
Cash received from company income tax	52,231	18,311	0
<b>Net cash provided by (used in) operating activities</b>	<b>461,409</b>	<b>358,729</b>	<b>68,608</b>
<b>Cash flows from investing activities</b>			
(Increase) Decrease in current investment	0	0	0
(Increase) Decrease in short-term loans to related parties	-233,000	0	0
(Increase) Decrease in short-term loans to related parties	60,000	0	0
(Increase) Decrease deposits at bank with commitment	-77	-2,348	-34
(Increase) Decrease in current investment	0	-50,000	0
Cash received from sales of fixed assets	7,433	5,666	1,141
Cash paid for purchase of fixed assets	-64,469	-17,048	-33,405
Cash paid for purchase of intangible assets	-41,927	-1,826	-1,520
Cash received from Dividend	0	0	0
Cash paid for purchase of investments from minority interest	0	0	0
Cash received (paid) from sales of investment	0	0	0
Cash received (paid) from sales of intangible assets	0	0	0
Decrease in other assets	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>-272,040</b>	<b>-65,556</b>	<b>-33,818</b>
<b>Cash flows from financing activities</b>			
Increase (Decrease) in overdrafts and short-term	-122	-1,147	-26,910

## Annual Report 2013 as at 31 December 2013

loans from financial institutions			
Interest paid	0	0	-3,362
Paid for liabilities under rehabilitation plan	-180,335	-106,441	-45,958
Paid for liabilities under compromise agreement	0	0	0
Cash received from short-term loans from other persons	0	0	0
Cash received from short-term loans from related persons and parties	0	0	0
Cash received from long -term loan from related person	0	0	0
Cash paid for long-term loans	0	0	0
Cash paid for redemption of debentures	0	0	0
Cash paid for liabilities under financial lease agreement	0	0	0
Cash paid for dividend	0	0	0
Cash received from convertible preferred shares issuance	0	0	0
Cash received from increase in share capital	0	0	0
Net cash provided by (used in) financing activities	-180,457	-107,588	-76,231
Effect of change in exchange rate on cash			
Net increase (decrease) in cash and cash equivalents	8,912	185,586	-41,440
Cash and cash equivalents as at January 1	426,268	240,682	282,122
Cash and cash equivalents as at December 31	435,181	426,268	240,682
<b>DATA PER SHARES (Baht)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Book Value per shares	1.75	1.91	0.91
Earnings per shares	-0.16	0.92	2.97
Cash Dividend per share	0.00	0.00	0.00
Stock Dividend per share	0.00	0.00	0.00
<b>GROWTH RATE (%)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Assets	49%	39%	17%
Total Liabilities	31%	15%	-37%
Sales and Services Income	32%	9%	33%
Cost and Expenses	38%	10%	32%
Net Income	-107%	-59%	1293%
<b>FINANCIAL RATIO</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>LIQUIDITY RATIO :</b>			
Liquidity Ratio (Time)	1.7	1.6	1.9

## Annual Report 2013 as at 31 December 2013

Quick Ratio (Time)	1.4	1.4	1.6
Liquidity Ratio - Cash (Time)	0.5	0.2	0.0
Account Receivable-Turnover (Time)	5.9	6.0	6.6
Average no.of day for collection (days)	61	60	55
Inventory Turnover (Time)	9	8	8
Average no.of day for sales (days)	41	48	43
Account Payable-Turnover (Time)	11	8	8
Average no.of day for payment (days)	33	47	46
Cash Cycle (days)	69	61	52
<b>PROFITABILITY RATIO :</b>			
Gross margin (%)	19%	18%	19%
Operation profit margin (%)	-1%	10%	32%
Other Profit Margin (%)	1%	1%	18%
Cash to profitability ratio (%)	-1396%	101%	7%
Net profit margin (%)	-2%	11%	25%
Return on equity (%)	-13%	-443%	-279%
<b>EFFICIENCY RATIO :</b>			
Return on Assets (%)	-3%	18%	52%
Return on Fixed Assets (%)	-9%	88%	222%
Assets Turnover (Times)	1	1	2
<b>FINANCIAL POLICY RATIO :</b>			
Debt to Equity Ratio (Time)	3	2	6
Time Interest Earned (Time)	31	134	2
Cash debt coverage(Cash basis) (Time)	(1)	(3)	(1)
Dividend payout ratio(%)	0%	0%	0%

## FINANCIAL POSITION AND RESULTS OF OPERATION

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

(Baht'000)

BALANCE SHEET AS AT DECEMBER 31	2013	2012	2011
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	500,982 15.8%	477,775 15.2%	259,407 10.9%
Current investments - net	100,000 3.1%	100,000 3.2%	50,000 2.1%
Trade and other receivables - net	676,299 21.3%	569,485 18.1%	488,743 20.6%
Trade and other receivables- related parties - net	347 0.0%	342 0.0%	342 0.0%
Installments receivable due within one year - net	0 0.0%	0 0.0%	5,355 0.2%
Unbilled revenues from sales and services – net	250,645 7.9%	244,320 7.8%	165,879 7.0%
Short term loans to related companies	0 0.0%	0 0.0%	0 0.0%
Inventories – net	537,884 16.9%	617,062 19.6%	499,725 21.0%
Other current assets	39,767 1.3%	69,612 2.2%	101,880 4.3%
<b>Total Current Assets</b>	<b>2,105,924 66.3%</b>	<b>2,078,596 66.0%</b>	<b>1,571,330 66.1%</b>
<b>NON-CURRENT ASSETS</b>			
Installments receivables	0 0.0%	0 0.0%	0 0.0%
Deposits at bank with commitment	9,478 0.3%	10,708 0.3%	6,537 0.3%
Investments for using the equity method	0 0.0%	0 0.0%	0 0.0%
Investment property	23,212 0.7%	23,212 0.7%	23,212 1.0%
Property , plant and equipment -net	757,956 23.9%	708,783 22.5%	675,907 28.4%
Intangible assets - net	20,843 0.7%	20,843 0.7%	20,843 0.9%
Unused land in operations - net	43,113 1.4%	3,597 0.1%	5,792 0.2%
Deferred tax assets	193,769 6.1%	227,699 7.2%	0 0.0%
Other non-current assets	22,583 0.7%	75,643 2.4%	74,124 3.1%
<b>Total non-current assets</b>	<b>1,070,954 33.7%</b>	<b>1,070,486 34.0%</b>	<b>806,415 33.9%</b>
<b>TOTAL ASSETS</b>	<b>3,176,879 100%</b>	<b>3,149,082 100%</b>	<b>2,377,745 100%</b>
<b>LIABILITIES AND SHAREHOLDERS'EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans from financial institution	19,876 0.6%	30,170 1.0%	78,006 3.3%
Trade accounts payable	471,767 14.9%	387,964 12.3%	241,162 10.1%
Trade accounts payable - related parties	31 0.0%	3 0.0%	100 0.0%
Current portion liabilities under financial lease agreements	526 0.0%	0 0.0%	0 0.0%
Current portion liabilities under rehabilitation plan	156,925 4.9%	216,519 6.9%	60,878 2.6%

# Annual Report 2013 as at 31 December 2013

Current portion liabilities under debt restructuring agreement	24,147	0.8%	23,628	0.8%	31,333	1.3%
Current portion of long-term debts	15,719	0.5%	20,022	0.6%	19,409	0.8%
Long-term liabilities on immediate demand	0		0		0	
Current portion of long-term debts	0	0.0%	0	0.0%	0	0.0%
Short-term loans from other persons	0		0		0	
Short-term loans from related persons and parties	0	0.0%	12,000	0.4%	12,000	0.5%
Financial liabilities - convertible preferred shares	0	0.0%	0	0.0%	0	0.0%
Collections in excess of earned revenues	506,790	16.0%	577,021	18.3%	392,762	16.5%
Other current liabilities	78,342	2.5%	71,023	2.3%	50,021	2.1%
<b>Total current liabilities</b>	<b>1,274,122</b>	<b>40%</b>	<b>1,338,350</b>	<b>42%</b>	<b>885,670</b>	<b>37%</b>
<b>NON-CURRENT LIABILITIES</b>						
Liabilities under financial lease agreements - net	1,808	0.1%	0	0.0%	0	0.0%
Liabilities under rehabilitation plan - net	870,275	27.4%	671,968	21.3%	933,203	39.2%
Liabilities under debt restructuring agreement - net	104,858	3.3%	122,804	3.9%	142,428	6.0%
Long - term loans from related parties	0	0.0%	0	0.0%	0	0.0%
Liabilities under compromise agreement - net	0	0.0%	15,719	0.5%	35,741	1.5%
Long - term loans - net	0	0.0%	0	0.0%	0	0.0%
Liabilities under financial lease agreement - net	0	0.0%	0	0.0%	0	0.0%
Financial liabilities - convertible preferred shares	0	0.0%	0	0.0%	0	0.0%
Deferred tax liabilities	79,851	2.5%	79,611	2.5%	0	0.0%
Estimated liability - employee benefit	76,357	2.4%	65,769	2.1%	53,664	2.3%
<b>Total non-current liabilities</b>	<b>1,133,150</b>	<b>35.7%</b>	<b>955,871</b>	<b>30.4%</b>	<b>1,165,036</b>	<b>49.0%</b>
<b>Total liabilities</b>	<b>2,407,272</b>	<b>76%</b>	<b>2,294,221</b>	<b>73%</b>	<b>2,050,706</b>	<b>86%</b>
<b>SHAREHOLDERS' EQUITY</b>						
Convertible preferred shares	75,932	2.4%	75,932	2.4%	75,932	3.2%
Share capital - common shares authorized, issued and fully paid-up	412,208	13.0%	412,208	13.1%	412,208	17.3%
Warrant	111,456	3.5%	111,456	3.5%	111,456	4.7%
Premium on preferred shares	4,556	0.1%	4,556	0.1%	4,556	0.2%
Premium on common shares	8,399	0.3%	8,399	0.3%	8,399	0.4%
Discount on common shares	-22,089		-22,089		-22,089	
Revaluation increment in land	282,783	8.9%	285,527	9.1%	327,752	13.8%
Retained earnings - Appropriated for reserve fund	32,000	1.0%	32,000	1.0%	32,000	1.3%
Unappropriated retained earnings	-142,790	-4.5%	-60,161	-1.9%	-630,583	26.5%
<b>Total shareholders' equity</b>	<b>762,454</b>	<b>24.0%</b>	<b>847,827</b>	<b>26.9%</b>	<b>319,630</b>	<b>13.4%</b>
Minority interest	7,153	0.2%	7,034	0.2%	7,409	0.3%

# Annual Report 2013 as at 31 December 2013

<b>Total Shareholders' Equity - net</b>	769,607	24.2%	854,862	27.1%	327,039	13.8%
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	3,176,879	100%	3,149,082	100%	2,377,745	100%
<b>STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31</b>	<b>2013</b>		<b>2012</b>		<b>2011</b>	
Sales and services income	4,233,404	100%	3,580,211	100%	3,102,042	100%
Costs of sales and services	3,330,368	-81%	2,871,581	-82%	2,417,655	-81%
Gross profit (loss)	903,036	19%	708,631	18%	684,387	19%
Other income -Gain on debt restructuring	0	0%	0	0%	619,898	20%
Other income	58,724	1%	59,063	1%	79,926	2%
Selling expenses	-96,204	-2%	-77,912	-2%	-83,636	-3%
Administrative expenses	-571,858	-12%	-321,289	-7%	-289,307	-7%
Other expenses - Loss on impairment of assets	0	0%	0	0%	-2,498	0%
Other expenses - Loss on litigation case	-314,000	-8%	0	0%	0	0%
Other expenses - Doubtful accounts	0	0%	0	0%	0	0%
<b>NET INCOME FROM OPERATION</b>	-20,301	-1%	368,493	10%	1,008,770	32%
Share of profits (losses) from investments for using the equity method		0%		0%		0%
Finance cost - Interest expenses	-27,277	0%	-17,915	0%	-62,799	-1%
Profit (Loss) before income tax	-47,578	-1%	350,578	10%	945,972	30%
Income tax	-34,932	0%	14,985	0%	-471	0%
Profit (Loss) for the period	-82,510	-2%	365,563	11%	945,501	30%
Attributable to :						
Equity holders of the parent	-85,374	0%	389,362	0%	949,737	0%
Minority interests of subsidiaries	119	0%	-474	0%	-127	0%
	-85,254	0%	388,889	0%	949,610	0%
<b>CASH FLOWS</b>	<b>2013</b>		<b>2012</b>		<b>2011</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Profit (Loss) before income tax	-47,578		350,578		945,972	
Adjustment						
Equity (gain) loss from investments	0		0		0	
Depreciation	44,475		34,775		36,051	
Amortized intangible assets	3,352		4,115		6,944	
Bad debt and doubtful accounts	22,595		7,255		-26,110	
Allowance for devaluation of inventories	-53,723		-12,967		-22,105	
Gain on sales of fixed assets	-6,830		-6,088		-4,662	
Write off damaged fixed assets	0		0		0	
Gain on debt restructuring	0		0		-619,898	



## Annual Report 2013 as at 31 December 2013

Loss on impairment of assets	0	306	-710
Unrealized loss on exchange rate	-2,384	-5,410	130
Provision for liabilities	3,250	-13,095	8,954
Estimated liability-Loss of guarantee	0	0	11,443
Employee benefit	10,588	12,105	6,517
Amortized intangible assets	0	0	0
Amortized income tax	2,024	73	46
Allowance for income tax withholding.	21,055	0	657
Interest income	-9,746	0	0
Interest expenses	28,753	17,915	62,798
Loss on litigation case	314,000	0	0
(Increase) Decrease in changes in parts of operating assets	329,831	389,562	406,027
(Increase) Decrease in current investment	0	0	-50,000
Trade accounts receivable	-106,773	-106,990	-98,727
Accounts receivable - related parties	-5	0	50
Installments receivables	1,917	7,241	10,548
Unbilled receivable	-28,060	-56,353	-5,016
Inventories	132,901	-104,370	-92,715
Other current assets	29,845	32,267	5,899
Other non-current assets	5	-18,835	2,059
Increase (Decrease) in changes in parts of operating liabilities			
Trade accounts payable	83,368	141,720	104,101
Accounts payable - related parties	28	-97	4
Collection in excess of earned revenues	-70,231	184,258	28,496
Other current liabilities	4,069	34,454	-33,798
Cash generated from operation	376,895	502,857	276,928
Cash received from interest	9,746	0	0
Cash paid for interest	-24,223	-12,403	392
Cash received from company income tax	-22,330	18,311	0
Income tax paid	52,231	-1,069	-12,091
<b>Net cash provided by (used in) operating activities</b>	<b>392,320</b>	<b>507,696</b>	<b>265,229</b>
<b>Cash flows from investing activities</b>			
(Increase) Decrease deposits at bank with commitment	1,230	-4,171	-1,766
Investment	0	-100,000	0
Cash received from sales of fixed assets	7,903	6,652	9,154
Cash paid for purchase of fixed assets	-95,780	-39,365	-41,500

## Annual Report 2013 as at 31 December 2013

Cash paid for purchase of intangible assets	-42,868	-1,920	-1,520
Cash received from recovery of capital	0	0	0
Cash paid for purchase of investments from minority interest	0	0	0
Cash received (paid) from sales of investment	0	0	0
Cash received (paid) from sales of intangible assets	0	0	0
Decrease in other assets	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>-129,514</b>	<b>-138,804</b>	<b>-35,632</b>
<b>Cash flows from financing activities</b>			
Increase (Decrease) in overdrafts and short-term loans from financial institutions	-10,294	-47,836	-68,086
Interest paid	0	0	-22,035
Paid for liabilities under rehabilitation plan	-179,816	-105,952	-43,602
Paid for liabilities under rehabilitation agreement	-17,427	-27,328	-105,740
Paid for liabilities under compromise agreement	-20,022	-19,409	-18,830
Cash received from short-term loans from other persons	-30,000	-25,000	-24,000
Cash received (paid) for short-term loans from related persons and companies	0	0	18,000
Cash received from long-term loan from related person	18,000	25,000	0
Cash paid for long-term loans	0	0	0
Cash paid for liabilities under financial lease agreement	0	0	0
Cash paid for dividend	0	0	0
Cash received from convertible preferred shares issuance	0	0	0
Cash received from increase in share capital	0	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>-239,598</b>	<b>-200,525</b>	<b>-264,294</b>
Effect of change in exchange rate on cash			
Net increase (decrease) in cash and cash equivalents	23,208	168,368	-34,697
Cash and cash equivalents as at January 1	477,775	309,407	294,104
Cash and cash equivalents as at December 31	500,982	477,775	259,407
<b>DATA PER SHARES (Baht)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Book Value per shares	1.85	2.06	1.01
Earnings per shares	(0.21)	0.94	3.01
Cash Dividend per share	0.00	0.00	0.00
Stock Dividend per share	0.00	0.00	0.00
<b>GROWTH RATE (%)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Assets	34%	32%	12%
Total Liabilities	17%	12%	-33%
Sales and Services Income	36%	15%	28%

## Annual Report 2013 as at 31 December 2013

Cost and Expenses	43%	17%	30%
Net Income	-109%	-59%	784%
<b>FINANCIAL RATIO</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>LIQUIDITY RATIO :</b>			
Liquidity Ratio (Time)	1.65	1.55	1.77
Quick Ratio (Time)	1.20	1.04	1.09
Liquidity Ratio - Cash (Time)	0.36	0.46	0.14
Account Receivable-Turnover (Time)	5.33	4.86	5.16
Average no.of day for collection (days)	67.50	74.13	69.75
Inventory Turnover (Time)	6.42	5.14	5.47
Average no.of day for sales (days)	56.08	70.00	65.86
Account Payable-Turnover (Time)	9.34	9.13	6.90
Average no.of day for payment (days)	38.54	39.44	52.16
Cash Cycle (days)	85.04	104.69	83.45
<b>PROFITABILITY RATIO :</b>			
Gross margin (%)	21%	20%	22%
Operation profit margin (%)	0%	10%	33%
Other Profit Margin (%)	1%	2%	18%
Cash to profitability ratio (%)	-1932%	138%	26%
Net profit margin (%)	-2%	10%	30%
Return on equity (%)	-16%	67%	-315%
<b>EFFICIENCY RATIO :</b>			
Return on Assets (%)	-3%	14%	42%
Return on Fixed Assets (%)	-6%	61%	146%
Assets Turnover (Times)	2	1	2
<b>FINANCIAL POLICY RATIO :</b>			
Debt to Equity Ratio (Time)	3	3	6
Time Interest Earned (Time)	12	28	5
Cash debt coverage(Cash basis) (Time)	(3)	(12)	(11)
Dividend payout ratio(%)	0%	0%	0%

# Financial Statements

**As at December 31, 2013 and 2012**

## **REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To     The Shareholders of Patkol Public Company Limited

I have audited the accompanying of financial statements of Patkol Public Company Limited and its subsidiaries which the accompanying consolidated statements of financial position as at December 31, 2013, the related consolidated statements of comprehensive income and changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2013, and performance and cash flows for the year then ended of Patkol Public Company Limited and its subsidiaries in accordance with Thai Financial Reporting Standards.

**Other matter**

Without qualifying my conclusion, I draw attention to the matters discussed in the notes to the financial statements in note 6 describing the effect of the Company and its subsidiaries' adoption from January 1, 2013 of certain new accounting policies. The statement of financial position as at December 31, 2012, which are included as comparative information, are components of the audited consolidated and separate financial statements as at and for the year ended December 31, 2012. Furthermore, the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and cash flows for the year ended December 31, 2012 which are included as comparative information, have also been adjusted as described in note 6.

(Ms. Kannika Wipanurat)

Certified Public Accountant (Thailand)

Registration No. 7305

Karin Audit Company Limited

Bangkok, Thailand

February 25, 2014

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		Baht					
		Consolidated			Separated		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2013	2012	2012	2013	2012	2012
			"Restate"	"Restate"		"Restate"	"Restate"
Notes							
<b>ASSETS</b>							
CURRENT ASSETS							
Cash and cash equivalents	7	500,982,317	477,774,754	259,407,224	435,180,526	426,268,143	240,681,983
Current investments - net	8	100,000,000	100,000,000	50,000,000	100,000,000	100,000,000	50,000,000
Trade and other receivables - net	9	676,298,914	569,485,052	488,743,113	621,467,583	520,483,786	456,373,622
Trade and other receivables- related parties - net	35.3	346,580	341,765	341,765	181,598,267	252,397,557	130,751,833
Installments receivable due within one year - net	10	-	-	5,354,875	-	-	5,354,875
Unbilled receivable - net	11	250,645,109	244,320,199	165,878,654	241,827,162	237,838,874	161,716,130
Short - term loans and accrued interest income							
to related parties - net	35.3	-	-	-	174,682,914	-	-
Inventories - net	12	537,884,148	617,061,948	499,724,685	207,654,736	211,665,802	152,233,918
Other current assets							
Retentions - net	13	22,354,227	15,707,621	46,307,427	22,354,227	15,707,621	46,307,427
Deposit and warranty		6,510,812	39,530,889	46,892,661	6,510,812	39,530,889	46,892,661
Others		10,902,359	14,373,808	8,679,428	8,429,724	10,556,368	7,153,212
Total current assets		2,105,924,466	2,078,596,036	1,571,329,832	1,999,705,951	1,814,449,040	1,297,465,661

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		Baht					
		Consolidated			Separated		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2013	2012	2012	2013	2012	2012
			"Restate"	"Restate"		"Restate"	"Restate"
Notes							
NON-CURRENT ASSETS							
Installments receivable - net	10	-	-	-	-	-	-
Deposits at bank with commitment		9,477,941	10,708,047	6,536,773	5,939,463	5,862,766	3,514,793
Investments in subsidiaries	14	-	-	-	109,748,925	110,248,925	110,248,925
Investment property	15	23,212,325	23,212,325	23,212,325	-	-	-
Property, plant and equipment - net	16	757,956,037	708,783,041	675,906,772	513,581,243	473,255,111	436,553,243
Non-performed land	17	20,843,481	20,843,481	20,843,481	20,843,481	20,843,481	20,843,481
Intangible assets - net	18	43,113,106	3,597,430	5,792,172	42,265,830	3,476,525	5,421,439
Deferred tax assets	19	193,768,651	227,698,606	208,169,710	183,966,202	196,706,339	184,354,648
Other non-current assets							
Withholding income tax	40.1	22,235,462	75,291,349	73,775,611	21,026,754	74,509,244	73,560,618
Others		347,266	352,003	347,897	-	-	-
Total non-current assets		1,070,954,269	1,070,486,282	1,014,584,741	897,371,898	884,902,391	834,497,147
<b>TOTAL ASSETS</b>		<b>3,176,878,735</b>	<b>3,149,082,318</b>	<b>2,585,914,573</b>	<b>2,897,077,849</b>	<b>2,699,351,431</b>	<b>2,131,962,808</b>



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**

		Baht					
		Consolidated			Separated		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2013	2012	2012	2013	2012	2012
			"Restate"	"Restate"		"Restate"	"Restate"
Notes							
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>							
CURRENT LIABILITIES							
Overdrafts and short-term loans	20	19,876,002	30,170,317	78,005,962	3,614,466	3,735,989	4,882,950
from financial institutions		471,766,798	387,964,456	241,161,590	340,612,481	250,031,474	158,199,143
Trade and other payables	35.3	30,896	2,568	99,992	100,317,537	3,476,176	12,171,990
Trade and account payable - related parties	21	525,636	-	-	-	-	-
Current portion liabilities under financial lease agreements							
Current portion liabilities under rehabilitation plan	22	156,925,044	216,519,181	60,878,394	158,032,589	217,165,633	61,393,934
Current portion liabilities under debt restructuring agreement	23	24,147,335	23,627,727	31,332,680	-	-	-
Current portion of long-term debts	24	15,718,601	20,021,965	19,408,805	-	-	-
Short-term loans from related persons and parties	35.3	-	12,000,000	12,000,000	-	-	-
Other current liabilities							
Collections in excess of earned revenues		506,790,197	577,020,697	392,762,351	493,742,869	568,526,108	391,386,438
Provision for liabilities		10,632,209	7,382,215	20,476,929	10,632,209	7,382,215	20,476,929
Retentions		26,499,856	18,785,257	11,878,003	26,499,856	18,785,257	11,878,003
Others		41,209,439	44,855,283	17,665,724	34,166,558	38,309,707	13,482,245
Total current liabilities		1,274,122,013	1,338,349,666	885,670,430	1,167,618,565	1,107,412,559	673,871,632

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		Baht					
		Consolidated			Separated		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2013	2012	2012	2013	2012	2012
			"Restate"	"Restate"		"Restate"	"Restate"
Notes							
NON-CURRENT LIABILITIES							
Liabilities under financial lease agreements - net	21	1,807,680	-	-	-	-	-
Liabilities under rehabilitation plan - net	22	870,275,465	671,967,690	933,202,986	877,493,242	682,437,887	944,650,180
Liabilities under debt restructuring agreement - net	23	104,857,692	122,804,341	142,427,679	-	-	-
Liabilities under compromise agreement - net	24	-	15,718,601	35,740,566	-	-	-
Deferred tax liabilities	19	79,851,499	79,611,115	69,235,489	71,064,131	71,859,273	66,459,300
Estimated liability - employee benefit	25	76,357,303	65,769,334	53,664,370	54,385,898	46,815,698	39,312,846
Total non-current liabilities		1,133,149,639	955,871,081	1,234,271,090	1,002,943,271	801,112,858	1,050,422,326
<b>TOTAL LIABILITIES</b>		<b>2,407,271,652</b>	<b>2,294,220,747</b>	<b>2,119,941,520</b>	<b>2,170,561,836</b>	<b>1,908,525,417</b>	<b>1,724,293,958</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>							
SHAREHOLDERS' EQUITY							
Share capital	27						
Authorized share capital							
79,487,456 preferred shares of Baht 1 each	27	79,487,456	79,487,456	79,487,456	79,487,456	79,487,456	79,487,456
520,756,281 common shares of Baht 1 each	27	520,756,281	520,756,281	520,756,281	520,756,281	520,756,281	520,756,281
Issued and paid-up share capital							
79,487,456 preferred shares of Baht 1 each	27	79,487,456	79,487,456	79,487,456	79,487,456	79,487,456	79,487,456
414,607,781 common shares of Baht 1 each	27	414,607,781	414,607,781	414,607,781	414,607,781	414,607,781	414,607,781
Warrant	27	111,455,925	111,455,925	111,455,925	111,455,925	111,455,925	111,455,925
Premium on preferred shares		4,555,919	4,555,919	4,555,919	4,769,247	4,769,247	4,769,247
Premium on common shares		8,398,665	8,398,665	8,398,665	8,542,665	8,542,665	8,542,665
Discount on common shares		(22,088,943)	(22,088,943)	(22,088,943)	(22,088,943)	(22,088,943)	(22,088,943)

Notes to financial statements form an integral part of these statements.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		Baht					
		Consolidated			Separated		
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2013	2012	2012	2013	2012	2012
Notes		"Restate"	"Restate"	"Restate"	"Restate"	"Restate"	"Restate"
Company's shares held by a subsidiaries							
Preferred shares	28	(3,555,477)	(3,555,477)	(3,555,477)	-	-	-
Common shares	28	(2,400,000)	(2,400,000)	(2,400,000)	-	-	-
Retained earnings (Deficit)							
Appropriated - legal reserve		32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Unappropriated		(142,790,308)	(60,160,685)	(426,305,061)	(170,958,978)	(109,393,052)	(473,220,036)
Other components of equity							
Revaluation surplus on fixed assets	29	282,782,633	285,526,708	262,201,248	268,700,860	271,444,935	252,114,755
Total equity of parent company		762,453,651	847,827,349	458,357,513	726,516,013	790,826,014	407,668,850
Equity of Non Controlling interest		7,153,432	7,034,222	7,615,540	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>769,607,083</b>	<b>854,861,571</b>	<b>465,973,053</b>	<b>726,516,013</b>	<b>790,826,014</b>	<b>407,668,850</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,176,878,735</b>	<b>3,149,082,318</b>	<b>2,585,914,573</b>	<b>2,897,077,849</b>	<b>2,699,351,431</b>	<b>2,131,962,808</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

		Baht			
		Consolidated		Separated	
		December 31,	December 31,	December 31,	December 31,
		2013	2012	2013	2012
	Notes		"Restated"		"Restated"
Sales and services income		4,233,404,478	3,580,211,437	4,120,699,109	3,407,311,978
Cost of sales and services		(3,330,368,146)	(2,871,580,873)	(3,330,898,753)	(2,788,670,662)
Gross profit		903,036,332	708,630,564	789,800,356	618,641,316
Other income		58,724,243	59,062,878	52,060,267	49,799,214
Income before expenses		961,760,575	767,693,442	841,860,623	668,440,530
Selling expenses		(96,204,184)	(77,911,766)	(80,808,257)	(65,650,500)
Administrative expenses		(517,383,328)	(277,813,049)	(436,965,958)	(216,955,967)
Directors' remuneration	31	(4,971,800)	(5,087,800)	(4,920,800)	(4,940,800)
Management's remuneration	31, 35.3	(49,502,760)	(38,387,831)	(37,725,160)	(25,999,260)
Loss on impairment of assets		-	-	(500,000)	-
Loss on litigation case	40.2	(314,000,000)	-	(314,000,000)	-
Total expenses		(982,062,072)	(399,200,446)	(874,920,175)	(313,546,527)
Income before financial cost		(20,301,497)	368,492,996	(33,059,552)	354,894,003
Finance cost - interest expenses		(27,276,548)	(17,914,573)	(15,875,360)	(2,851,282)
Earnings before corporate income tax		(47,578,045)	350,578,423	(48,934,912)	352,042,721
Corporate income tax	33	(34,932,368)	14,984,635	(12,631,014)	11,784,263
Earnings (Loss) for the periods		(82,510,413)	365,563,058	(61,565,926)	363,826,984
Other comprehensive income:					
Revaluation surplus on fixed assets		-	25,134,292	-	21,139,013
Depreciation of revaluation		(2,744,075)	(1,808,832)	(2,744,075)	(1,808,833)
<b>Earnings (Loss) and total comprehensive income</b>		<b>(85,254,488)</b>	<b>388,888,518</b>	<b>(64,310,001)</b>	<b>383,157,164</b>
<b>Income (Loss) Attributable to :</b>					
Owners of the parent		(82,629,623)	366,144,376	(61,565,926)	363,826,984
Equity of non controlling interest		119,210	(581,318)	-	-
		(82,510,413)	365,563,058	(61,565,926)	363,826,984
<b>Total Comprehensive Income Attributable to</b>					
Owners of the parent		(85,373,698)	389,362,073	(64,310,001)	383,157,164
Equity of non controlling interest		119,210	(473,555)	-	-
		(85,254,488)	388,888,518	(64,310,001)	383,157,164
<b>Basis earnings per share of the parent company</b>	32				
Income (Loss) (Baht per share)		(0.20)	0.89	(0.15)	0.88
Weighted average number of					
ordinary shares (shares)		412,207,781	412,207,781	414,607,781	414,607,781
<b>Diluted earnings per share</b>	32				
Income (Loss) (Baht per share)		(0.16)	0.71	(0.12)	0.70
Weighted average number of					
ordinary shares (shares)		517,354,880	517,354,880	519,754,880	519,754,880

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Baht														
Consolidated														
Equity of parent company										Other components				
Issued and paid-up				Premium on preferred shares	Premium on common shares	Discount on common shares	Company's shares held by a subsidiaries	Retained earnings (Deficit)		Revaluation surplus	Total	Equity of non controlling interest	Total	
Preferred shares	Common shares	Warrant	Appropriated					Unappropriated	on fixed assets					
									Legal reserve					
Note														
Balance as at January 1, 2012 (as previously reported)		79,487,456	414,607,781	111,455,925	4,555,919	8,398,665	(22,088,943)	(5,955,477)	32,000,000	(630,583,384)	327,751,560	319,629,502	7,409,330	327,038,832
Comulative effect of change in accounting policy	6	-	-	-	-	-	-	-	-	204,278,323	(65,550,312)	138,728,011	206,210	138,934,221
Balance as at January 1, 2012 (After Adjustment)		79,487,456	414,607,781	111,455,925	4,555,919	8,398,665	(22,088,943)	(5,955,477)	32,000,000	(426,305,061)	262,201,248	458,357,513	7,615,540	465,973,053
Revaluation surplus on fixed assets		-	-	-	-	-	-	-	-	-	25,134,292	25,134,292	-	25,134,292
Depreciation of revaluation		-	-	-	-	-	-	-	-	-	(1,808,832)	(1,808,832)	-	(1,808,832)
Earnings and total comprehensive income		-	-	-	-	-	-	-	-	366,144,376	-	366,144,376	(581,318)	365,563,058
Balance as at December 31, 2012		79,487,456	414,607,781	111,455,925	4,555,919	8,398,665	(22,088,943)	(5,955,477)	32,000,000	(60,160,685)	285,526,708	847,827,349	7,034,222	854,861,571
Depreciation of revaluation		-	-	-	-	-	-	-	-	-	(2,744,075)	(2,744,075)	-	(2,744,075)
Earnings and total comprehensive income		-	-	-	-	-	-	-	-	(82,629,623)	-	(82,629,623)	119,210	(82,510,413)
Balance as at December 31, 2013		79,487,456	414,607,781	111,455,925	4,555,919	8,398,665	(22,088,943)	(5,955,477)	32,000,000	(142,790,308)	282,782,633	762,453,651	7,153,432	769,607,083

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

		Baht									
		Separated									
		Issued and paid-up			Premium on	Premium on	Discount on	Retained earnings (Deficit)		Other components	Total
					preferred shares	common shares	common shares			of equity	
		Preferred shares	Common shares	Warrant				Appropriated	Unappropriated	Revaluation surplus	
Note								Legal reserve		on fixed assets	
Balance as at January 1, 2012 (as previously reported)		79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	32,000,000	(654,144,073)	315,143,444	289,773,502
Cumulative effect of change in accounting policy	6	-	-	-	-	-	-	-	180,924,037	(63,028,689)	117,895,348
Balance as at January 1, 2012 (After Adjustment)		79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	32,000,000	(473,220,036)	252,114,755	407,668,850
Depreciation of revaluation		-	-	-	-	-	-	-	-	(1,808,833)	(1,808,833)
Revaluation surplus on fixed assets		-	-	-	-	-	-	-	-	21,139,013	21,139,013
Earnings and total comprehensive income		-	-	-	-	-	-	-	363,826,984	-	363,826,984
Balance as at December 31, 2012		79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	32,000,000	(109,393,052)	271,444,935	790,826,014
Depreciation of revaluation		-	-	-	-	-	-	-	-	(2,744,075)	(2,744,075)
Loss and total comprehensive income		-	-	-	-	-	-	-	(61,565,926)	-	(61,565,926)
Balance as at December 31, 2013		79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	32,000,000	(170,958,978)	268,700,860	726,516,013

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

		Baht			
		Consolidated		Separated	
	Notes	2013	2012	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Income before income tax		(47,578,045)	350,578,423	(48,934,912)	352,042,721
Add (less) Adjustments to reconcile net income to					
net cash provided by (paid for) operating activities :					
Depreciation		44,475,274	34,774,732	19,666,054	12,747,035
Amortized intangible assets		3,352,397	4,114,672	3,137,685	3,770,914
Bad debt and doubtful accounts		22,595,361	7,254,589	24,017,505	8,700,422
Loss (Reversal) from devaluation of inventories		(53,723,185)	(12,967,469)	10,091,695	(1,712,200)
Gain (Loss) on sale of fixed assets		(6,830,072)	(6,088,097)	(6,386,161)	(5,103,908)
(Reversal) Loss on impairment of assets		-	306,379	-	(8,800,461)
Loss on devaluation of investments.		-	-	500,000	-
Unrealized loss (gain) on exchange rate		(2,384,013)	(5,409,597)	(2,959,100)	(455,651)
Provision for liabilities		3,249,994	(13,094,714)	3,249,994	(13,094,714)
Employee benefit		10,587,969	12,104,963	7,570,200	7,502,852
Amortized income tax		2,024,038	73,122	2,019,189	27,134
Allowance for income tax withholding.	40.1	21,054,683	-	21,054,683	-
Interest income		(9,746,320)	-	(10,938,241)	-
Interest expenses		28,752,760	17,914,573	15,875,360	2,851,282
Loss on litigation case	40.2	314,000,000	-	314,000,000	-
Income (loss) from operating before changes in					
operating assets and liabilities		329,830,841	389,561,576	351,963,951	358,475,426
Operating assets (increase) decrease					
Trade and other accounts receivable		(106,772,515)	(106,990,271)	(99,915,515)	(95,309,404)
Trade and other accounts receivable - related parties		(4,815)	-	48,832,599	(219,605,116)
Installments receivables		1,916,757	7,240,841	1,916,757	7,240,841
Unbilled receivables		(28,060,184)	(56,352,562)	(27,700,270)	(55,479,594)
Inventories		132,900,985	(104,369,795)	(6,080,629)	(57,719,685)
Other current assets		29,844,920	32,267,198	28,500,115	34,558,423
Other non-current assets		4,737	(18,834,829)	-	-
Operating liabilities increase (decrease)					
Trade and other accounts payable		83,368,163	141,719,727	90,249,544	92,257,686
Trade and other accounts payable - related parties		28,328	(97,424)	118,808,053	89,263,578
Collection in excess of earned revenues		(70,230,500)	184,258,346	(74,783,239)	177,139,670
Other current liabilities		4,068,727	34,454,141	3,571,451	31,734,712
Cash received (paid) from operating		376,895,444	502,856,948	435,362,817	362,556,537
Cash received from interest		9,746,320	-	9,255,326	-
Cash paid for interest		(24,222,837)	(12,403,042)	(13,617,947)	(2,851,282)
Income tax paid		52,231,056	(1,068,986)	(21,822,438)	(19,286,610)
Cash received from company income tax		(22,329,870)	18,310,850	52,231,056	18,310,850
Net cash provided by (used in) operating activities		392,320,113	507,695,770	461,408,814	358,729,495

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

		Baht			
		Consolidated		Separated	
	Notes	2013	2012	2013	2012
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
	(Increase) Decrease in deposits at bank with commitment	1,230,106	(4,171,274)	(76,697)	(2,347,973)
	Investment	-	(100,000,000)	-	(50,000,000)
	Short-term loans to related parties.	-	-	(233,000,000)	-
	Received from short-term loans to related parties.	-	-	60,000,000	-
	Cash received from sales of fixed assets	7,903,189	6,652,347	7,433,251	5,666,366
	Cash paid for purchase of fixed assets	(95,779,519)	(39,364,804)	(64,469,370)	(17,048,173)
	Cash paid for purchase of intangible assets	(42,868,072)	(1,919,930)	(41,926,990)	(1,826,000)
	Net cash provided by (used in) investing activities	(129,514,296)	(138,803,661)	(272,039,806)	(65,555,780)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
	Increase (Decrease) in overdrafts and short-term loans from financial institutions	(10,294,315)	(47,835,645)	(121,523)	(1,146,961)
	Paid for liabilities under rehabilitation plan	(179,816,286)	(105,951,838)	(180,335,102)	(106,440,594)
	Paid for liabilities under rehabilitation agreement	(17,427,041)	(27,328,291)	-	-
	Paid for liabilities under compromise agreement	(20,021,965)	(19,408,805)	-	-
	Received from short-term loans from related persons and parties	-	-	-	-
	Paid for short-term loans from related persons and parties	(30,000,000)	(25,000,000)	-	-
	Received (Paid) for long-term loans	18,000,000	25,000,000	-	-
	Paid for liabilities under financial lease	(38,647)	-	-	-
	Net cash provided by (used in) financing activities	(239,598,254)	(200,524,579)	(180,456,625)	(107,587,555)
	Net increase (decrease) in cash and cash equivalents	23,207,563	168,367,530	8,912,383	185,586,160
	Cash and cash equivalents, beginning of periods	7 477,774,754	309,407,224	426,268,143	240,681,983
	Cash and cash equivalents, ending of periods	7 500,982,317	477,774,754	435,180,526	426,268,143

Supplement disclosure of non - cash transaction ;

*Transaction which not effect cash flow for period ended December 31, 2013*

1. The Company has offsetTrade and other receivables- related parties with Trade accounts payable - related parties amount of Baht 21.97 million in separate financial statements.
2. In 2013, the subsidiary have entered into hire purchase of vehicle totaling of Baht 2.56 million.
3. On May 20, 2013, the Company has compromised with a creditor and recognized loss on litigation case amount by Baht of 314 million. (note 22).

*Transaction which not effect cash flow for the years ended on December 31, 2012*

1. In 2012, the Company and subsidiaries revalued land and building in amount of Baht 26.42 million and Baht 5.00 million, respectively.
2. In 2012, the Company has offsetTrade and other receivables- related parties with Trade accounts payable - related parties amount of Baht 97.96 million in separate financial statements.



## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

#### **1. GENERAL INFORMATION**

- 1.1 Patkol Public Company Limited was incorporated as a company limited on November 28, 1965 with registration no. 372/2508 and changed to a public company limited on June 28, 1993 with registration No. 0107536000587.
- 1.2 The Company's office is located at 348 Chalermprakiat Rama 9 Road, Nongbon, Pravate, Bangkok 10250.
- 1.3 The Company is engaged in the trading and services of engineering products which include turnkey sales of services in design, manufacturing and installation of various types of industrial refrigeration for the ice making industry and supermarket, dairy and ice-cream processing, as well as food related processing plant and supplies made to order.

#### **2. REHABILITATION PLAN**

According to the minutes of the Company's Board of Directors' Meeting No. 5/2009 held on August 10, 2009, the Company passed the unanimous resolution to file rehabilitation requisition for debt restructuring to the Bankruptcy Court. On October 20, 2009, the Bankruptcy Court ordered and appointed Patkol Public Company Limited as the planner. Therefore, the Company's securities will be transferred to securities under rehabilitation which cannot be traded. On January 14, 2011, the meeting of creditors passed resolution to approve the plan. On March 30, 2011, the Central Bankruptcy Court ordered the Company to rehabilitate its business as described in (Note 22).

And on October 4, 2011, the planner of the Company has filed a petition to the Central Bankruptcy Court for asking the cancellation of rehabilitation plan because the planner has finished follow the successful of plan (Note 22). Only one creditor have filed against the cancellation of rehabilitation plan. And on September 17, 2012, the Central Bankruptcy Court ordered the petition for the cancellation of rehabilitation plan of the Company and the planner will have to do the rehabilitation plan within planning period. And on February 21, 2013, the Supreme Court has ordered that not allow the management's rehabilitation plan appeal to the Court.

On May 20, 2013, the Company has compromised with such creditor, and the financial institute who guaranteed the Company as the letter of guarantee has paid to such creditor, under the rehabilitation plan is creditor group 9 (Note 22). Such creditor has filed a petition to withdraw of the argument to the Court on May 20, 2013, and on June 3, 2013, the Company has filed a petition to the Central Bankruptcy Court for asking for the cancellation of rehabilitation plan. The Central Bankruptcy Court make an appointment for investigate on July 24, 2013, and on August 13, 2013, the Central Bankruptcy Court ordered the cancellation of the Company's rehabilitation plan as the planner asking. The Company has to repayment as the condition in the rehabilitation plan.

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2013

#### 3. PREPARATION OF FINANCIAL STATEMENTS BASIS

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547. And the regulation of the Securities and Exchange Commission regarding to preparation and presentation the financial report under the securities and Exchange Act. B.E.2535.

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

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

#### 4. Basis of consolidated financial statements

The consolidated financial statements as at December 31, 2013 and 2012 have been consolidated the financial statements of Patkol Public Company Limited and subsidiaries which Patkol Public Company Limited has controlled over financial policy and operations as follows:

	Percentage of Holding by		Nature of Business
	As at December 31, 2013	As at December 31, 2012	
Patkol Manufacturing Co., Ltd.	99.99	99.99	Manufacture and sale of food related processing equipment and cooling equipment
Patkol Trading Co., Ltd.	99.98	99.98	Manufacture and sale the electric system equipment
Patkol R & D Co., Ltd.	99.98	99.98	Research and development in applied technology and related fields
S Panel Co., Ltd. * formerly name * (PKB Enterprise Co.,Ltd.)	80.00	80.00	Manufacture and import foam plate and equipment for cold room business
Siam Patkol Co., Ltd.	99.98	99.98	Manufacture and sale the cooling system equipment
(39.99% of share capital held by Patkol Plc. And 60% of share capital held by Patkol Trading Co., Ltd.)			

The consolidated financial statements have been prepared in conformity with the same accounting policy for the accounts and accounting events of the Company and subsidiaries. The balance of accounts and transaction between the Company and subsidiaries, inter - company unrealized gain between the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

As of July 23, 2013. The Company has been established a Representative office which approved by the Malaysian Investment Development Authority (MIDA) for a period of three years from the date of approval.

On November 14, 2013, the Board of Directors has the approval to set up a new subsidiary, for the purpose of sales evaporative condenser with registered capital amount of baht 10 million.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**5. ADOPTION OF NEW ACCOUNTING STANDARDS**

- 5.1. The FAP has issued the following new and revised TFRS relevant and effective for accounting periods beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
FAP Announcement 34/2555	Accounting guidance for Transfers of Financial Assets

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 6.

In addition to the above new and revised TFRS, as at 31 December 2013 the FAP had issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements.

- 5.2. Those new and revised TFRS that are applicable, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

<u>TFRS</u>	<u>Topic</u>	<u>Year effective</u>
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

<u>TFRS</u>	<u>Topic</u>	<u>Year effective</u>
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements – Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate s and Company's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

5.3. Significant accounting policies

5.3.1 Revenues and expenses recognition

5.3.1.1 Revenues and expenditures are recognized on an accrual basis.

5.3.1.2 Revenue from sales is recognized on the value of delivered goods and the significant risks and rewards of ownership have been transferred to the buyer.

5.3.1.3 Revenue from installment sales are recognized on effective interest rate method according to the agreement the Company and subsidiaries will stop the recognition when it is defaulted on payment more than three.

5.3.1.4 Revenue from services is recognized by the percentage of completion which is based on the proportion of actual costs to the total estimated costs by considering the effects to the most recent estimates of total costs, coupled with the consideration of the physical completion estimated by the engineer.

5.3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and deposits at financial institutions which held to maturity not over three months and without restriction.

5.3.3 Allowance for doubtful accounts

The Company and subsidiaries provided allowance for doubtful accounts equal to the estimated uncollectible receivable. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

5.3.4 Inventories

Inventories are valued at the lower of cost or net realizable value. The cost calculation are detailed as follows :

5.3.4.1 Finished goods and work in process are recorded on a specific method.

5.3.4.2 Raw material, spare and supplies are recorded on a moving average method.

5.3.5 Investment

Investments in subsidiaries and associated companies under the Company only financial statements are stated in Balance sheet at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Investments in subsidiaries and associated companies under the consolidated financial statements are stated in Balance sheet by equity method.

Securities available for sales are carried at fair value less allowance for impairment of investments. The differences between book value and fair value are presented as unrealized gain or loss in the equity.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

Other investments are stated in Statement of financial position at cost less allowance for impairment in value. The devaluation of investment is presented as impairment loss of investment, which reflected in the statement of comprehensive income.

Cost of short-term and long-term investments sold during the period were computed by the weighted average method. Gain or loss of those investment sales are stated in the Statement of comprehensive income.

**5.3.6 Investment properties**

Investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment.

The Company has selected the cost model for accounting for its investment properties.

**5.3.7 Property, plant and equipment**

The Company and subsidiaries initially recorded property, plant and equipment at cost. In 2004, the Company hired an independent appraiser to revalue land by market approach and plant by cost approach and revised the asset value. In the fourth quarter of 2008, the Company and subsidiaries recorded land and buildings at revalued amount which were valued by an independent appraiser by cost approach according to 4 appraise reports dated December 19, 2008 and January 5, 2009. The Company and subsidiaries recorded increased amount occurred from the revaluation as "increment of assets" together with "revaluation surplus on fixed assets" under the shareholders' equity in balance sheets. The depreciation on assets which were stated at cost method is recorded in the statements of income and depreciation on increment of fixed assets will be recorded in revaluation surplus on fixed assets account. Therefore, revaluation surplus on fixed assets will be decreased by depreciation on increment of fixed assets and has no effect to retained earnings. The Company has complied with the Federation of Accounting Professions' notification No. 25/2549 dated October 11, 2006 and the Government Gazette's announcement dated October 30, 2006 regarding "Accounting for Revaluation" by applying cost basis.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

After the revaluation, the Company and subsidiaries stated land at the new value less provision for impairment of assets (if any). Buildings are stated at the new value less accumulated depreciation and provision for impairment of assets (if any). Equipment is stated at cost less relevant accumulated depreciation and provision for impairment of assets (if any). Building and equipment are depreciated by the straight - line method over the estimated useful lives of the assets as follows:

Building and improvement	30 years and 50 years
Machinery and equipment	5 years
Machinery for lease	8 years
Office equipment	3 years and 5 years
Vehicles	5 years

Land and assets in progress are not depreciated.

Interest from long-term borrowings for acquisition of fixed assets is capitalized as part of fixed assets and stopped to recognize as cost of fixed assets when the assets are ready for use.

**5.3.8 Non-performed land**

Non-performed land is stated at cost less provision for impairment of assets (if any).

**5.3.9 Intangible assets**

Intangible assets are stated at cost less accumulated amortization. Such amortization are calculated at cost of assets on a straight-line basis over the estimated useful lives of the assets for 5 years. Intangible assets consist of computer software and intellectual property.

**5.3.10 Impairment of assets**

The Company and subsidiaries have considered the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company and subsidiaries will consider the impairment for each asset item or each asset unit generating cash flows, whichever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

5.3.11 Transaction in foreign currencies

The Company records its transactions in foreign currencies converted into Thai Baht by using the exchange rates ruling on the transaction dates. The balance of assets and liabilities in foreign currencies as at the balance sheets date are converted into Thai Baht on the average commercial bank buying and selling rate except forward contracts which are based on contractual rate.

Gain or loss on exchange rate is included in the results of its operation.

5.3.12 Long - term lease agreement

The Company and subsidiaries recorded vehicles and office equipments under financial lease agreement / hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

5.3.13 Operating lease - where the Company and subsidiaries are the lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as an expense on straight-line basis, over the lease term.

5.3.14 Operating lease - where the Company and subsidiaries are the lessor

The Company and subsidiaries present assets for lease under operating lease contract in the balance sheets according to the nature of assets. Income from operating lease is recognized as income over the lease term.

5.3.15 Employee's benefit

5.3.15.1 Provident fund

The Company and some subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the external fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3% of employees' salaries. The fund contribution payments to the provident fund were recorded as expenses in the statements of income in the incurred period.

5.3.15.2 Employee benefit

*Short-term employee benefits*

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



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

*Post-employment benefits*

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

5.3.16 Income tax

The Company and subsidiaries recorded corporate income tax by calculating from taxable net profit based on the condition described in the Revenue Code.

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.

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.

## **PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

### **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.

#### **5.3.17 Provision for liabilities**

The Company and subsidiaries recognize a provision for liabilities when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company and subsidiaries settles the obligation. The amount recognized should not exceed the amount of the provision.

#### **5.3.18 Earnings per share**

Basic earnings per share are calculated by dividing the net profit (loss) for the year by the weighted average number of ordinary shares issued and paid up.

Dilution earning per share

Profit (loss) per share is adjusted by calculating by dividing the net profit (loss) that belongs to the shareholder. Average common share which is sold and requested to pay during improving year by the affect from the right to buy share.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**5.3.19 Financial instruments**

Financial instruments are presented in statement of financial position, consist of cash and cash equivalents, accounts receivable, short-term loans, deposit at bank with commitment, other receivables, bank overdrafts and short-term loans from financial institutions, accounts payable, short-term loans, long-term loans, long - term liabilities under financial lease agreement and other payables. The basis of recognition and measurement of each item are separately disclosed in the related transactions.

**5.3.20 Segment information**

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments and geography segments of the Group's operations.

**5.3.21 Troubled debt restructuring**

The Group records troubled debt restructuring transactions in accordance with Thai Accounting Standard No. 104 "Accounting for Troubled Debt Restructuring" (Revise 2002).

**5.3.22 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**5.3.23 Use of accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of specific reviews, collection experience, and analysis of debtor aging, taking into account changes in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Impairment of investments

The Company and subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Depreciation

In calculating depreciation of plant and equipment, the management estimates useful lives and salvage values of the plant and equipment and reviews estimated useful lives and salvage values if there are any changes.

Intangible assets

Intangible assets are systematically amortized over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired.

Impairment of Inventory

In order that financial statements report present value of inventory and performance. The company has reviewed and revised policy for impairment of inventory to cover all inventories, which include finished goods, raw material, spare part and supply. The impairment is considered when book value of inventory is higher than its net realizable value and when the inventory has no movement for a certain period, whichever is practical.

Estimates

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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following Note 25 Discount rate, salary increase rate, employee turnover rate and mortality rate.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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**AS AT DECEMBER 31, 2013**

**6. CUMULATIVE EFFECT OF THE CHANGE IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW ACCOUNTING STANDARD**

During the current period, the Company made the change described in Note 5.3 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit : Thousand Baht)			
	December 31, 2012		January 1, 2012	
	Consolidated	Separated	Consolidated	Separated
<b>Statements of financial position</b>				
Increase in deferred tax assets	227,699	196,706	208,170	184,355
Increase in deferred tax liabilities	(79,611)	(71,859)	69,235	(66,459)
Revaluation surplus on fixed assets	(71,636)	(67,861)	(65,805)	(63,029)
Increase equity of non controlling				
Interest by a subsidiaries	98	-	206	-
Increase unappreciated deficit	219,723	192,708	204,739	180,924

The amounts of adjustment affecting the statement of comprehensive income for the year ended December 31, 2012

	Thousand Baht	
	Consolidated	Separated
<b>Statement of comprehensive income</b>		
Increase (Decrease) in income tax	14,985	11,784
Increase (Decrease) equity of non		
controlling interest	108	-
Increase (Decrease) income owners of the parent	14,877	11,784
Increase (Decrease) in basic earnings per share (Baht)	0.036	0.029
Increase (Decrease) in diluted earnings per share (Baht)	0.029	0.023

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**7. CASH AND CASH EQUIVALENTS**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Cash	314	182	150	82
Cash at bank - current accounts	77,871	44,079	42,480	12,062
Cash at bank - saving accounts	422,748	433,466	392,550	414,124
Cash at bank – fixed deposit (Within three months)	49	48	-	-
Total	500,982	477,775	435,180	426,268

Cash and cash equivalents are denominated and without obligation.

**8. CURRENT INVESTMENTS – NET**

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Current investment - deposit notes (Over three months)	100,000	100,000	100,000	100,000
Total	100,000	100,000	100,000	100,000

As at December 31, 2013 and 2012, Two deposit notes (Over three months) interest rate of 3.15% and 3.10% - 3.20% per annum. (Respectively)

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**9. TRADE AND OTHER RECEIVABLES - NET**

Thousand Baht				
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Trade accounts receivable	741,295	1,002,600	697,617	965,156
<u>Less</u> Allowance for doubtful accounts	(115,713)	(508,387)	(112,971)	(506,373)
Trade accounts receivable - net	625,582	494,213	584,646	458,783
Other receivables				
Prepaid expenses	51,626	71,373	36,853	58,302
Advance	5,908	7,214	5,798	5,727
<u>Less</u> Allowance for doubtful accounts	(6,816)	(3,315)	(5,829)	(2,328)
Total other receivables	50,718	75,272	36,882	61,701
Total trade and other receivables - net	676,300	569,485	621,468	520,484

Accounts receivable are separated on aging as follow :

Thousand Baht				
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Undue :				
- Normal	423,225	309,303	329,535	282,717
Overdue :				
- Not over 3 months	140,519	164,948	131,845	157,060
- Over 3 months to 6 months	38,200	10,697	37,899	10,031
- Over 6 months to 12 months	26,959	16,487	25,706	16,197
- Over 12 months	7,970	25,024	5,820	23,107
Debt acceptance	21,312	30,772	21,312	30,772
Under legal action	83,110	445,369	82,500	445,272
Total	741,295	1,002,600	697,617	965,156
<u>Less</u> Allowance for doubtful accounts	(115,713)	(508,387)	(112,971)	(506,373)
Total trade account receivables, net	625,582	494,213	584,646	458,783

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Allowance for doubtful accounts have changed during the years are as follows:

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Allowance for doubtful accounts				
Beginning balance	508,387	479,486	506,373	477,472
Written – off bad debt	(395,624)	-	(395,624)	-
Increase (Decrease) - net	2,950	28,901	2,222	28,901
Ending balance	115,713	508,387	112,971	506,373

As at December 31, 2012, an account receivable as stated in amount of Baht 392.08 million derived from factory construction project which the project is ceased and the Company is considering to process legal action. The Company has provided allowance for doubtful accounts in full amount. During the year 2013, the Company has written-off bad debt since the surcease of the lawsuit.

**10. INSTALLMENTS RECEIVABLE – NET**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Under legal action	30,928	32,845	30,928	32,845
<u>Less</u> Allowance for doubtful accounts	(30,928)	(32,845)	(30,928)	(32,845)
Net	-	-	-	-



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**AS AT DECEMBER 31, 2013**

Allowance for doubtful accounts have changed during the years are as follows:

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Beginning balance	32,845	34,731	32,845	34,731
Increase (Decrease) - net	(1,917)	(1,886)	(1,917)	(1,886)
Ending balance	30,928	32,845	30,928	32,845

As at December 31, 2013 and 2012 allowance for doubtful decrease amount of Baht 1.97 million and 1.89 million respectively. Due to the Company received payment from the debtor.

**11. UNBILLED RECEIVABLE – NET**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Unbilled receivable	293,659	647,078	284,550	638,329
<u>Less</u> Allowance for doubtful accounts	(43,014)	(402,758)	(42,723)	(400,490)
Net	250,645	244,320	241,827	237,839

Allowance for doubtful accounts have changed during the years are as follows:

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Beginning balance	402,758	424,847	400,490	421,133
Written – off bad debt	(381,479)	-	(381,479)	-
Increase (Decrease) - net	21,735	(22,089)	23,712	(20,643)
Ending balance	43,014	402,758	42,723	400,490

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As at December 31, 2012 an unbilled receivable (the same receivable as stated in note 9) in amount of Baht 381.48 million which is under legal action. The Company provided allowance for doubtful accounts in full amount. During the year 2013, the Company has written-off bad debt since the surcease of the lawsuit.

**12. INVENTORIES - NET**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Finished goods	37,682	22,317	4,355	68
Raw materials, spare parts and supplies	334,850	322,567	119,726	133,468
Work in process	153,793	274,376	78,546	58,575
Work in transit	34,414	73,495	21,026	25,461
Deteriorate products	374	374	-	-
Work under installation	-	11,609	-	11,609
Total	561,113	704,738	223,653	229,181
<u>Less</u> Allowance for diminution in value of inventories	(23,229)	(87,676)	(15,999)	(17,515)
Net	537,884	617,062	207,654	211,666

Allowance for obsolete stock have changed during the years as follows:-

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Beginning balance	87,676	74,708	17,515	15,803
Increase	10,152	13,041	10,093	1,712
Decrease	(74,599)	(73)	(11,609)	-
Ending balance	23,229	87,676	15,999	17,515

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As at December 31, 2012, work under installation in amount of Baht 11.61 million is for the factory construction project which is ceased ( the same receivable as stated in note 9 and note 11 ). Moreover, there are inventories manufactured by subsidiaries for such construction in amount of Baht 59.53 million stated as finish goods and work in process. The Company considered all assets cannot be used. As a result, the Company provided allowance for diminution in value of inventories Baht 60.23 million in the consolidated financial statements and Baht 11.61 million in the separate financial statements, respectively. During the year 2013, the Company has written-off allowance for diminution in value of inventories since the surcease of the lawsuit.

**13. RETENTIONS-NET**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Retentions	23,453	16,807	23,453	16,807
<u>Less</u> Allowance for doubtful accounts	(1,099)	(1,099)	(1,099)	(1,099)
Net	22,354	15,708	22,354	15,708

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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**14. INVESTMENTS IN SUBSIDIARIES – NET**

Consist of :

Company	Paid-up	Proportion of	Dividend income			
	capital		(Baht)			
	(Million	Investment	Cost Method (Thousand Baht)		For the years ended	
	Baht)	(%)	As at	As at	As at	As at
	December	December	December	December	December	December
	31, 2013	31, 2012	31, 2013	31, 2012	31, 2013	31, 2012
Subsidiaries :-						
- Patkol Manufacturing Co., Ltd.	100.00	99.99	99,999	99,999	-	-
- Siam Patkol Co., Ltd.	2.50	39.99	1,000	1,000	-	-
- Patkol Trading Co., Ltd.	3.00	99.98	2,999	2,999	-	-
- Patkol R & D Co., Ltd.	5.00	99.98	1,250	1,250	-	-
- S Panel Co., Ltd. *						
*(formerly name PKB Enterprise Co., Ltd.)	10.00	80.00	8,000	8,000	-	-
<u>Less</u> Allowance for						
devaluation of investments			(3,499)	(2,999)	-	-
Total investments in subsidiaries			109,749	110,249	-	-

The financial statements for the periods ended December 31, 2013 and 2012 of the aforementioned subsidiaries which were brought into the preparation of consolidated financial statements were reviewed and audited respectively by the auditor already.

**15. INVESTMENT PROPERTIES**

As at December 31, 2013 and 2012, Investment properties amounting is Baht 23.21 million by the cost method.

During the year 2011, the Company reversed allowance for impairment on the above assets according to the appraised value (market price) in the reports dated July 14, 2011 performed by independent value, T.A. Management Corporation (1999) Co., Ltd. The market price is Baht 38.43 million.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**16. PROPERTY, PLANT AND EQUIPMENT – NET**

	Consolidated (Thousand Baht)									Total
	Land		Building and improvement		Machinery and	Machinery	Office	Assets in	progress	
	Cost	Revaluation	Cost	Revaluation	equipment	for lease	equipment	Vehicles		
Assets - cost										
As at December 31, 2012	81,239	293,299	395,206	73,922	330,318	270	91,919	71,396	19,756	1,357,325
Purchase	-	-	7,992	-	15,632	-	14,399	31,747	28,382	98,152
Disposal	-	-	-	-	(79,913)	-	(35,624)	(12,640)	-	(128,177)
Transfer out	-	-	15,382	-	1,829	-	1,704	-	(18,915)	-
As at December 31, 2013	81,239	293,299	418,580	73,922	267,866	270	72,398	90,503	29,223	1,327,300
Accumulated depreciation										
As at December 31, 2012	-	-	(198,622)	(9,040)	(254,696)	-	(81,301)	(48,709)	-	(592,368)
Depreciation for the year	-	-	(10,666)	-	(20,184)	-	(5,811)	(11,244)	-	(47,905)
Depreciation for transfer out	-	-	-	-	79,262	-	35,585	12,256	-	127,103
Depreciation for disposal	-	-	-	-	-	-	-	-	-	-
As at December 31, 2013	-	-	(209,288)	(9,040)	(195,618)	-	(51,527)	(47,697)	-	(513,170)
Allowance for impairment of assets										
As at December 31, 2012	-	-	(9,667)	(35,783)	(4,094)	-	-	-	(6,630)	(56,174)
Increase	-	-	-	-	-	-	-	-	-	-
Decrease	-	-	-	-	-	-	-	-	-	-
As at December 31, 2013	-	-	(9,667)	(35,783)	(4,094)	-	-	-	(6,630)	(56,174)
Net book value of assets										
As at December 31, 2013	81,239	293,299	199,625	29,099	68,154	270	20,871	42,806	22,593	757,956

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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**AS AT DECEMBER 31, 2013**

Consolidated (Thousand Baht)										
	Land		Building and improvement		Machinery and equipment	Machinery for lease	Office equipment	Vehicles	Assets in progress	Total
	Cost	Revaluation	Cost	Revaluation						
Assets - cost										
As at December 31, 2011	81,239	258,169	388,179	77,634	325,679	10,346	102,331	78,756	9,683	1,332,016
Purchase	-	35,130	77	-	11,412	-	6,295	3,930	17,650	74,494
Disposal	-	-	-	(3,712)	(7,205)	(10,076)	(16,902)	(11,290)	-	(49,185)
Transfer out	-	-	6,950	-	432	-	195	-	(7,577)	-
As at December 31, 2012	81,239	293,299	395,206	73,922	330,318	270	91,919	71,396	19,756	1,357,325
Accumulated depreciation										
As at December 31, 2011	-	-	(192,855)	(6,779)	(239,900)	(10,076)	(94,374)	(53,875)	-	(597,859)
Depreciation for the year	-	-	(5,767)	(2,261)	(19,387)	-	(3,793)	(5,828)	-	(37,036)
Depreciation for transfer out	-	-	-	-	4,591	10,076	16,866	10,994	-	42,527
Depreciation for disposal	-	-	-	-	-	-	-	-	-	-
As at December 31, 2012	-	-	(198,622)	(9,040)	(254,696)	-	(81,301)	(48,709)	-	(592,368)
Allowance for impairment of assets										
As at December 31, 2011	-	-	(9,361)	(35,783)	(6,476)	-	-	-	(6,630)	(58,250)
Increase	-	-	(1,321)	-	-	-	-	-	-	(1,321)
Decrease	-	-	1,015	-	2,382	-	-	-	-	3,397
As at December 31, 2012	-	-	(9,667)	(35,783)	(4,094)	-	-	-	(6,630)	(56,174)
Net book value of assets										
As at December 31, 2012	81,239	293,299	186,917	29,099	71,528	270	10,618	22,687	13,126	708,783

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	Separated (Thousand Baht)									Total	
	Land		Building and improvement		Machinery and equipment		Machinery for lease	Office equipment	Vehicles		Assets in progress
	Cost	Revaluation	Cost	Revaluation							
Assets - cost											
As at December 31, 2012	41,829	274,424	203,811	73,922	137,904	19,943	80,371	61,760	12,081	906,045	
Purchase	-	-	7,840	-	4,624	-	11,814	29,375	18,754	72,407	
Disposal	-	-	-	-	(74,106)	(5,763)	(35,126)	(11,368)	(7,938)	(134,301)	
Transfer out	-	-	2,624	-	35	-	1,635	-	(4,294)	-	
As at December 31, 2013	41,829	274,424	214,275	73,922	68,457	14,180	58,694	79,767	18,603	844,151	
Accumulated depreciation											
As at December 31, 2012	-	-	(156,155)	(9,040)	(123,474)	(19,943)	(74,293)	(39,162)	-	(422,067)	
Depreciation for the year	-	-	(3,103)	(3,430)	(1,431)	-	(4,171)	(10,960)	-	(23,095)	
Depreciation for transfer out	-	-	-	-	73,482	5,763	35,087	10,983	-	125,315	
Depreciation for disposal	-	-	-	-	-	-	-	-	-	-	
As at December 31, 2013	-	-	(159,258)	(12,470)	(51,423)	(14,180)	(43,377)	(39,139)	-	(319,847)	
Allowance for impairment of assets											
As at December 31, 2012	-	-	-	-	(4,094)	-	-	-	(6,629)	(10,723)	
Increase	-	-	-	-	-	-	-	-	-	-	
Decrease	-	-	-	-	-	-	-	-	-	-	
As at December 31, 2013	-	-	-	-	(4,094)	-	-	-	(6,629)	(10,723)	
Net book value of assets											
As at December 31, 2013	41,829	274,424	55,017	61,452	12,940	-	15,317	40,628	11,974	513,581	

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**AS AT DECEMBER 31, 2013**

	Separated (Thousand Baht)									Total	
	Land		Building and improvement		Machinery and equipment		Machinery for lease	Office equipment	Vehicles		Assets in progress
	Cost	Revaluation	Cost	Revaluation							
Assets - cost											
As at December 31, 2011	41,829	244,288	203,125	77,634	134,651	31,346	94,587	69,120	7,403	903,983	
Purchase	-	30,136	-	-	5,072	-	2,055	3,930	6,693	47,886	
Disposal	-	-	-	(3,712)	(1,973)	-	(16,466)	(11,231)	-	(33,382)	
Transfer out	-	-	686	-	154	(11,403)	195	(59)	(2,015)	(12,442)	
As at December 31, 2012	41,829	274,424	203,811	73,922	137,904	19,943	80,371	61,760	12,081	906,045	
Accumulated depreciation											
As at December 31, 2011	-	-	(154,537)	(6,779)	(122,926)	(31,346)	(87,888)	(44,431)	-	(447,907)	
Depreciation for the year	-	-	(1,618)	(2,261)	(2,566)	-	(2,837)	(5,726)	-	(15,008)	
Depreciation for transfer out	-	-	-	-	1,747	-	16,432	10,938	-	29,117	
Depreciation for disposal	-	-	-	-	271	11,403	-	57	-	11,731	
As at December 31, 2012	-	-	(156,155)	(9,040)	(123,474)	(19,943)	(74,293)	(39,162)	-	(422,067)	
Allowance for impairment of assets											
As at December 31, 2011	-	-	(8,800)	-	(4,094)	-	-	-	(6,629)	(19,523)	
Increase	-	-	8,800	-	-	-	-	-	-	8,800	
As at December 31, 2012	-	-	-	-	(4,094)	-	-	-	(6,629)	(10,723)	
Net book value of assets											
As at December 31, 2012	41,829	274,424	47,656	64,882	10,336	-	6,078	22,598	5,452	473,255	



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Depreciation for the years ended December 31, 2013 and 2012 were Baht 44.45 million and Baht 34.77 million in the consolidated financial statements, Baht 19.67 million and Baht 12.75 million in the separate financial statements, respectively.

As at December 31, 2013 and 2012, building and equipment at cost of Baht 322.97 million and Baht 395.12 million in the consolidated financial statements, Baht 284.39 million and Baht 345.79 million in the separate financial statements, respectively were fully depreciated.

As at December 31, 2013 and 2012, land with its construction and machinery at cost of Baht 898.46 million and 898.46 million in the consolidated financial statements, Baht 665.80 million and 665.80 million in the separate financial statements, respectively were used as guarantee for overdrafts and short-term loans from financial institutions (note 20) liabilities under rehabilitation plan (note 22) liabilities under rehabilitation agreements (note 23) and commitment and contingent liabilities (note 39)

In October 2006, the Federation of Accounting Professions issued the notification No. 25/2006: in case the Company revalues assets, the Company can calculate depreciation recorded in the statements of income by cost instead of by new value. The Company complied with the notification by applying cost basis. However if the Company calculates depreciation recorded in the statements of income by new value, net profit and earnings per share will be changed as follows :

	Thousand Baht			
	Consolidated		Separated	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2013	2012	2013	2012
Net loss increased	(3,430)	(2,261)	(3,430)	(2,261)

As at December 31, 2012, the Company and a subsidiary's land and plant are stated at appraised value, reports of the independent appraiser Agency for Real Estate Affairs valued by market value method at the date of August 7-10, 2012 and T.A. Management Corporation (1999) Co., LTD at date of August 14, 2012 respectively. The excess of appraised value of land and plant, which based on Market Approach and Cost Approach, respectively on the consolidated financial statements over cost in the equal amount of Baht 31.42 million (the Company financial statements in the equal amount of Baht 26.42 million) are shown as "Revaluation surplus of fixed assets" under "Shareholders' Equity" in the statement of financial position. The revaluation surplus of fixed assets is not available for dividend distribution.

During the year 2011, a subsidiaries recorded land with appraised value and recorded revaluation surplus on revaluation amounting to Baht 6.36 million, as the independent appraiser report dated on July 6, 2011.

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**17. NON-PERFORMED LAND**

The Company's non performed lands amounting Baht 20.84 million are used as guarantee for overdrafts and short-term loans from financial institutions (note 20) liabilities under rehabilitation plan (note 22) and commitment and contingent liabilities (note 39).

During the years ended December 31, 2011, the Company reversed allowance for impairment on the above assets according to the appraised value (market price) in the reports dated July 12, 2011 and July 13, 2011 performed by independent value, T.A. Management Corporation (1999) Co., Ltd. The market price is Baht 25.36 million.

**18. INTANGIBLE ASSETS – NET**

Consist of :

	Thousand Baht			
	Consolidated			
	Balance December 31, 2012	Increases / Transfer in	Decrease / Transfer out	Balance December 31, 2013
<u>Cost</u>				
Computer software	58,989	2,146	-	61,135
Intellectual property	22,835	942	-	23,777
Intangible Asset in Process	-	39,781	-	39,781
Total	81,824	42,869	-	124,693
<u>Less</u> Accumulated amortization	(74,901)	(3,353)	-	(78,254)
Net	6,923	39,516	-	46,439
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	(3,326)
Net	3,597	39,516	-	43,113

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Thousand Baht			
	Consolidated			
	Balance December 31, 2011	Increases / Transfer in	Decrease / Transfer out	Balance December 31, 2012
<u>Cost</u>				
Computer software	62,414	1,920	(5,345)	58,989
Intellectual property	22,835	-	-	22,835
Total	85,249	1,920	(5,345)	81,824
<u>Less</u> Accumulated amortization	(76,131)	(4,115)	5,345	(74,901)
Net	9,118	(2,195)	-	6,923
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	(3,326)
Net	5,792	(2,195)	-	3,597

	Thousand Baht			
	Separated			
	Balance December 31, 2012	Increases / Transfer in	Decrease / Transfer out	Balance December 31, 2013
<u>Cost</u>				
Computer software	55,903	2,146	-	58,049
Intellectual property	21,844	-	-	21,844
Intangible Asset in Process	-	39,782	-	39,782
Total	77,747	41,928	-	119,675
<u>Less</u> Accumulated amortization	(70,945)	(3,138)	-	(74,083)
Net	6,802	38,790	-	45,592
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	(3,326)
Net	3,476	38,790	-	42,266

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Thousand Baht			
	Separated			Balance December 31, 2012
	Balance December 31, 2011	Increases / Transfer in	Decrease / Transfer out	
<u>Cost</u>				
Computer software	59,422	1,826	(5,345)	55,903
Intellectual property	21,844	-	-	21,844
Total	81,266	1,826	(5,345)	77,747
<u>Less</u> Accumulated amortization	(72,519)	(3,771)	5,345	(70,945)
Net	8,747	(1,945)	-	6,802
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	(3,326)
Net	5,421	(1,945)	-	3,476

	Thousand Baht			
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012
Amortization for the years	3,352	4,115	3,138	3,771

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**19. DEFERRED TAX ASSETS AND LIABILITIES**

As at December 31, 2013 and 2012, the components of deferred tax asset and liabilities are as follows:

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Net deferred tax assets (Asset)	193,769	227,699	183,966	196,706
Net deferred tax assets (Liabilities)	(79,851)	(79,611)	(71,064)	(71,859)

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

	Thousand Baht				
	Consolidated				
	(Charged) / credited to:				
	Other				December
	January	Profit or loss	comprehensive income	Equity	
	1, 2013				31, 2013
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	172,028	(129,954)	-	-	42,074
Allowance for diminution in value					
of inventories	15,213	(11,439)	-	-	3,774
Allowance for impairment asset	11,350	(9,587)	-	-	1,763
Provision of project cost	1,395	572	-	-	1,967
Employee benefit obligations	12,354	216	-	-	12,570
Tax losses that have not been used	15,359	116,262	-	-	131,621
<b>Total deferred tax assets</b>	<b>227,699</b>	<b>(33,930)</b>	<b>-</b>	<b>-</b>	<b>193,769</b>

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2013

Thousand Baht					
Consolidated					
(Charged) / credited to:					
January 1, 2013	Other comprehensive income				December 31, 2013
	Profit or loss		Equity		
<b>Deferred tax liabilities</b>					
Accumulated depreciation Building extension	(7,975)	(926)	-	-	(8,901)
Revaluation surplus on fixed assets	(71,636)	-	686	-	(70,950)
<b>Total deferred tax liabilities</b>	<b>(79,611)</b>	<b>(926)</b>	<b>686</b>	<b>-</b>	<b>(79,851)</b>
<b>Total income (expense) (Note 33)</b>		<b>(34,856)</b>			

Thousand Baht					
Separated					
(Charged) / credited to:					
January 1, 2013	Other comprehensive income				December 31, 2013
	Profit or loss		Equity		
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	171,479	(129,723)	-	-	41,756
Allowance for diminution in value of inventories	1,181	2,019	-	-	3,200
Allowance for impairment asset	2,259	(762)	-	-	1,497
Provision of project cost	1,395	572	-	-	1,967
Employee benefit obligations	9,363	1,514	-	-	10,877
Tax losses that have not been used	11,029	113,640	-	-	124,669
<b>Total deferred tax assets</b>	<b>196,706</b>	<b>(12,740)</b>	<b>-</b>	<b>-</b>	<b>183,966</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Thousand Baht				
	Separated				
	(Charged) / credited to:				
	Other				
	January	comprehensive		December	
	1, 2013	Profit or loss	income	Equity	31, 2013
Deferred tax liabilities					
Accumulated depreciation Building extension	(3,998)	109	-	-	(3,889)
Revaluation surplus on fixed assets	(67,861)	-	686	-	(67,175)
Total deferred tax liabilities	(71,859)	109	686	-	(71,064)
Total income (expense) (Note 33)		(12,631)			

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements were as follows:

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Allowance for doubtful accounts	-	-	-	-
Allowance for diminution in value of inventories	871	-	-	-
Allowance for impairment asset	8,826	-	-	-
Employee benefit obligations	2,701	800	-	-
Loss carry forward less than 5 years	14,559	5,599	-	-
<b>Net deferred tax assets (Asset)</b>	<u>26,957</u>	<u>6,399</u>	<u>-</u>	<u>-</u>

As at December 31, 2013 and 2012, The consolidated financial statement have deductible temporary differences totaling Baht 26.96 million and 6.40 million respectively. On which deferred tax assets have not been recognized as the Company's management considers that there is uncertainty whether the Company will have sufficient future taxable income to utilize such items and/or they might not be used to offset taxable income in the future.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**20. OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Consists of :

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Bank overdrafts	16,276	7,077	14	3,736
Promissory notes	-	23,093	-	-
Trust receipts	3,600	-	3,600	-
Total	19,876	30,170	3,614	3,736

Consolidated

As at December 31, 2013, the Company and subsidiaries have credit facilities from several banks in total amount of Baht 777.21 million. By is the Company amount of Baht 630 million. Guaranteed by pledged deposits at banks, investment property, land with its construction (note 16), non - performed land , leasehold land and subsidiaries in the separate financial statements. Without such a guarantee fee.

	Million Baht	
	Credit line	
	As at December 31, 2013	Guarantee
<u>Bank overdraft</u>		
The Company	30.00	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the mortgage of non – performed land (note 17)</li> <li>- By the mortgage of leasehold land</li> </ul>
The subsidiaries	44.00	<ul style="list-style-type: none"> <li>- By the mortgage of investment properties (note 15)</li> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the Parent Company</li> </ul>



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Million Baht	
	Credit line	
	As at December 31, 2013	Guarantee
<u>Short-term loans</u>		
The Company	50.00	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the mortgage of non – performed land (note 17)</li> <li>- By the mortgage of leasehold land</li> <li>- By the mortgage of Subsidiary</li> <li>- By the Fixed Account</li> <li>- By the mortgage of land with its construction and machinery (note 16)</li> </ul>
The subsidiaries	100.00	<ul style="list-style-type: none"> <li>- By the mortgage of investment properties (note 15)</li> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the Parent Company</li> </ul>
<u>Trust receipts / Letter of credit / Packing credit</u>		
The Company	150.00	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the mortgage of non – performed land (note 17)</li> <li>- By the mortgage of leasehold land</li> <li>- By the mortgage of Subsidiary</li> <li>- By the Fixed Account</li> </ul>
<u>Guarantee</u>		
The Company	400.00	<ul style="list-style-type: none"> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the mortgage of non – performed land (note 17)</li> <li>- By the mortgage of leasehold land</li> <li>- By the Fixed Account</li> </ul>
The subsidiaries	3.21	<ul style="list-style-type: none"> <li>- By the mortgage of investment properties (note 15)</li> <li>- By the mortgage of land with its construction and machinery (note 16)</li> <li>- By the Parent Company</li> <li>- By the Fixed Account</li> </ul>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**21. Liabilities under financial lease agreements – net**

Consists of :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Liabilities under financial lease agreements	2,536	-	-	-
<u>Less</u> : Deferred interest	(203)	-	-	-
	2,333	-	-	-
<u>Less</u> : Current portion	(526)	-	-	-
Total	1,807	-	-	-

**22. Liabilities under debt rehabilitation plan**

On January 14, 2011, the meeting of creditors passed resolution to approve the plan. On March 30, 2011, the Central Bankruptcy Court ordered the Company to rehabilitate its business and was summarized as follows;

**Debt allocation and capital structure**

CREDITOR	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
Creditor Group 1 Financial institution creditors - secured	Amount of Baht 417,922,322.28 to be repaid on an installment within 8 years by monthly	interest rate at MLR per annum with monthly repayment	Accrued interest amount of Baht 139,443.70 has to repaid within 8 year
Creditor Group 2 Financial institution creditors - non secured	Amount of Baht 92,353,650.01 to be repaid on an installment within 10 years by quarterly, the remaining of principle amount of Baht 105,168,304.30 will be forgiven when follow the successes of plan.	interest rate at 0.01% per annum with quarterly repayment	Accrued interest amount of Baht 43,798,731.99 will be forgiven when follow the successes of plan.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

<b>CREDITOR</b>	<b>PRINCIPLE</b>	<b>NEW INTEREST</b>	<b>ACCRUED INTEREST</b>
Creditor Group 3 Financial institution creditors - transferred the right	Amount of Baht 209,628,804.52 to be repaid on an installment within 10 years by quarterly, the remaining of principle amount of Baht 238,716,129.48 will be forgiven when follow the successes of plan.	interest rate at 0.01% per annum with quarterly repayment	Accrued interest amount of Baht 50,094,456.54 will be forgiven when follow the successes of plan.
Creditor Group 4 Accounts Payable	Amount of Baht 227,520,954.88 to be repaid on an installment within 10 years by quarterly, the remaining of principle amount of Baht 259,090,800.28 will be forgiven when follow the successes of plan.  There has protested by 1 creditor, amount of Baht 4.36 million, present is during the Court process.	-	Accrued interest amount of Baht 29,810,454.43 will be forgiven when follow the successes of plan.
Creditor Group 5 Payable - taxation	Amount of Baht 22,433,940.58 to be repaid on an installment within 10 years by quarterly.  Creditor will be paid for if the Appeal Committee has the final judgmental /command that.  (see note 40.1)	interest rate at 0.01% per annum with quarterly repayment.	Accrued interest amount of Baht 10,206 will be forgiven when follow the successes of plan.
Creditor Group 6 Financial institution – working capital	Accrued interest since the date of the Central Bankruptcy Court ordered the Company to rehabilitate its business (20/10/09) to the date of approved plan, will be forgiven when follow the success of plan.		
Creditor Group 7 Payable – directors and related person	Accrued interest amount of Baht 140,849.34 will be forgiven when follow the successes of plan.		

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

CREDITOR	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
Creditor Group 8 Creditor - the guarantee secured by bank deposit	Amount of Baht 90,762.50 is the guarantee secured by bank deposit will be repaid if creditor is required from a person or a beneficial person as letter of guarantee to paid for debt and creditor has paid. And if the Court final the order, creditor will receive the repayment by bank deposit which were guaranteed.		
Creditor Group 9 Creditor - Guarantee	<p>Amount of Baht 638,207,020.19 according to, 9<sup>th</sup> group creditor is the contingency due to letter of guarantee issuing which were the future liabilities and the beneficially under the letter of guarantee have not been yet claim right. 9<sup>th</sup> group creditor will be repaid under the following conditions;</p> <p>1. Creditor will forgive the whole accrued charges as the former contact, since the date of the creditor has right under the contact to charge the fee until the date of the Central Bankruptcy Court ordered the Company to rehabilitate, and the Creditors will be forgiven when follow the successes of plan.</p> <p>2. The contingency amount of Baht 638,207,020.19 will be repaid to a beneficial person as letter of guarantee and inform to the planer by formal written, also the payment evidences to a beneficial person as letter of guarantee. And will be paid after 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, and 12<sup>th</sup> creditors finishing the payment follow the rehabilitation plan within 30 days, including interest rated follow the legal, exception for the suddenly payment as the plan No. 4.5.2.1. and No. 4.5.2.2. (see note 40.2)</p> <p>During year 2011, the Company has contingent liability arising from a bank settle debts to a creditor according to letter of guarantee in the amount of Baht 11.44 million. At the present, the Company is waiting for the judge of Supreme Court to inform the bank and follow to the rehabilitation plan (9<sup>th</sup> group creditor- creditor from guarantee). However in during in 2011 the Company recorded liability in financial statement as creditor-financial institution settle debt to letter of guarantee. (note 40.2)</p> <p>On June 12, 2013, the Company got the letter from a financial institution about the repayment as the letter of guarantee to the creditor amount by Baht 314 million, as the compromise agreement between the Company, the creditor and financial institution on May 20, 2013. Under the rehabilitation plan is creditor group 9, with interest by MLR per annum. The Company has recognized loss on litigation case and liability in financial statement (note 40.2)</p>		

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

CREDITOR	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
Creditor Group 10 Creditor – guarantee to other company	<p>Debt as request for payment amount of Baht 303,242,835.38 which creditor will be paid by the following;</p> <p>1. Because of PKM and SP which are the receivable of 10<sup>th</sup> group creditor still operate and able to pay to creditor by themselves. At the present, PKM and SP still pay to creditor under the contact negotiate between the creditor and PKM and SP.</p> <p>2. Later, if PKM and SP default, and PKM and SP unable to pay to 10<sup>th</sup> group creditor within 120 days. Creditor has to inform by written to the Company and will has right to receive the payment from the Company follow the remaining debt, And will be paid after 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, and 12<sup>th</sup> creditors finishing the payment follow the rehabilitation plan within 30 days.</p>		
Creditor Group 11 Creditor – damage expense during argue for the right	<p>Amount of Baht 2,972,681,431.92 is the damage expenses in the future which could not set the certain amount and during argue for the right. The plan did not set the payment for this group creditor.</p> <p>When the Court final the order that receive the payment as amount accepted in plan, the Company will pay by the same of creditor – non secured, after others creditors be paid completely. (see note 40.3)</p> <p>On May 20, 2013, the Company has compromised with a creditor and surcease of lawsuit, such creditor has filed a petition to withdraw the request of received payment.</p>		
Creditor Group 12 Creditor – buy back contact, machine	<p>Amount of Baht 1,015,163.68 to be repaid on an installment within 10 years by quarterly, the remaining of principle amount of Baht 1,156,024.14 will be forgiven when follow the successes of plan.</p>	-	<p>Accrued interest amount of Baht 72,583.17 will be forgiven when follow the successes of plan.</p>

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2013

#### Capital increasing by debt to equity conversion

Whereas, Patkol (Public) Company Limited has been approved on the Re-organization Plan from the Central Bankruptcy Court on March 30, 2011. Such Re-organization Plan, it is specified that the Company would operate on registered capital decrease unpaid as of amount 52,999,999 shares first from the existing registered capital totally as of amount 325,230,100 Baht, divided into common stocks as of amount 325,230,100 Baht with par value for each 1.00 Baht, by dividing into the issued and paid-up registered capital as of amount 272,230,101 Baht or 272,230,101 shares. After the registered capital has been decreased, the registered capital of the company shall be the issued capital and paid up capital as the amount of 272,230,101 baht, which are the common stocks as of 272,230,101 shares with par value for each 1.00 Baht.

When the capital reduction has been done, the Company would increase the registered capital by debt conversion as of amount 600,243,737 Baht, dividing into the issued registered capital and paid-up as of amount 494,095,237 Baht to support to the debt to equity conversion of those creditors as follows:

- (1) Debt conversion to common stocks as of amount 142,377,680 shares with par value for each 1.00 Baht as the total amount of 142,377,680 Baht for Group 7<sup>th</sup> creditors and Group 223<sup>rd</sup> creditor, Bangkok Bank Public Co., Ltd.
- (2) Debt conversion to preferred stocks as of amount 79,487,456 shares with par value for each 1.00 Baht as the total amount of 79,487,456 Baht for the Group 2<sup>nd</sup> & 4<sup>th</sup> Creditors.
- (3) Debt conversion to the warrants 106,148,500 units with right exercise rate in the rate of the warrant to purchase common stock for 1 unit per 1 common stock for the Group 223<sup>rd</sup> creditor, Bangkok Bank (Public) Co., Ltd.

The Company shall operate to do such debt to equity conversion within 180 days from the date of approval by the court.

In order to comply with the conversion of debt into equity to the creditors, all articles of the debtor about preferred shares should be cancelled and the articles of preferred shares to be issued to the creditors should be increased as follows:

- (A) 100 preferred shares has 1 voting right.
- (B) The holders of preferred shares have preferred right to receive dividend from the operation results of the debtor before ordinary shareholders, when the debtor has resolution to pay dividend, at the rate of interest rate of fixed deposit 12 months of Bangkok Bank Plc. +2% p.a. but not over 4% p.a. of exercise price of convertible debt to preferred share. When dividend of preferred shares is paid, there is no longer pay dividends to preferred shareholders. The rest of the dividends (if any) shall be paid to the holders of ordinary shares.
- (C) The holders of preferred shares under this plan have no right to convert shares into ordinary shares.
- (D) In the case of a dissolution of the Company for any reason, preferred shares are entitled to refund before the ordinary shares.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

The Company is in the process of registration of the amendment of Memorandum of Incorporation, the reduction of share capital and registration of the amendment of Memorandum of Incorporation increment of share capital to issue preferred shares and ordinary shares under this rehabilitation plan with ministry of Commerce on August 10, 2011 and September 9, 2011, respectively. And after, the Company has transformed the share into the said capital, it has made the share holding structure of the company to change as follows.

	Old	New
Mr. Piya Chongwattana	11.50%	11.11%
Mrs. Wipa Chullachat	10.44%	9.76%
Miss Ratchanee Chongwattana	9.82%	9.30%
Mr. Sangchai Chotchongchatahawan	9.47%	9.12%
Bangkok Bank Public Company Limited	-	8.46%

**The success of plan and the cancellation of rehabilitation**

1. To convert debt into equity to pay off the creditors and issue warrants to the creditors as indicated in the plan are completed, and
2. Since 2010 the company should have net profit from ordinary operation at least Baht 100 million per quarter.

In addition, the Company has to complete the implementation of the rehabilitation plan within a period of 5 years from the date the court approved the plan. The company is able to file petition to amend the plan and request to extend period of time not exceed 2 times and not exceed 1 year per time.

During in 2011, the rehabilitation plan is successful, the Company is able to realize gain on debt restructuring of Baht 633.92 million which is calculated on the outstanding principal and accrued interest less the amount of future payments, as defined in the rehabilitation plan. There is only one creditor who submitted the protest of the cancellation of rehabilitation plan of the Company (see note 40.3)

On May 20, 2013, the Company has compromised with such creditor, and the financial institute who guaranteed the Company as the letter of guarantee has paid to such creditor, under the rehabilitation plan is creditor group 9 (note 22). Such creditor has filed a petition to withdraw of the argument to the Court on May 20, 2013, and on June 3, 2013, the Company has filed a petition to the Central Bankruptcy Court for asking for the cancellation of rehabilitation plan. The Central Bankruptcy Court make an appointment for investigate on July 24, 2013 and August 13, 2013, the court ordered the cancellation of rehabilitation. requested by the plan administrator. The Company continues to carry the debt according to the following conditions.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Liabilities under debt				
rehabilitation plan	1,027,200	888,487	1,035,526	899,604
<u>Less</u> due within one year	(156,925)	(216,519)	(158,033)	(217,166)
Liabilities under debt				
rehabilitation plan - net	870,275	671,968	877,493	682,438

Debt under rehabilitation plan of the Company are secured by the assets of the Company which are indicated in the original loan agreement before the restructuring ie. The mortgage of land and buildings, the pledge of the Company's machineries. After the date of the court order to cancel the rehabilitation, If the company fails to pay the debt in accordance with the rehabilitation plan and default under this plan, the creditors have the right to charge default interest on the unpaid balance of the debt since the date of default until the repayment in full.

On April 27, 2012, a subsidiary has entered into compromising memorandum with the financial institution, a subsidiary agreed to repayment loans including a part of the Company joint debtor under loan facility with such financial institute by amount of Bath 8.3 million, with interest charging by Bath of 1.5 million. The repayment by installment still follow in such memorandum. The Company will pay back to a subsidiary by Baht of 5.7 million.

**23. Liabilities under debt restructuring agreements**

On March 30, 2011 and June 27, 2011, two subsidiaries have entered into debt restructuring agreements with financial institutions. Under the conditions of such agreements, creditors have extended the repayment schedule for the subsidiaries as following;

	Thousand Baht	
	Consolidated	
	December 31, 2013	December 31, 2012
Liabilities under debt restructuring agreements	129,005	146,432
<u>less</u> due within one year	(24,147)	(23,628)
Liabilities under debt restructuring agreements - net	104,858	122,804

Liabilities under debt restructuring are guaranteed by mortgage a part of Land and Machinery of subsidiaries, Land and construction of the Company, and the Company (note 16), with no charging for any fee.

Liabilities under debt restructuring including accrued interest are as follow;



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	<b>PRINCIPLE</b>	<b>NEW INTEREST</b>	<b>ACCRUED INTEREST</b>
Loan agreement (1)	Amount of Baht 62,625,877.40 to be repaid on an installment, finishing within February 2021, by quarterly and not less than Baht of 1,568,000 each quarter.	MLR per annum, payment by monthly.	Accrued interest amount of Baht 3,087,541.54 ; to be paid at the signing agreement date by Baht of 1,077,079.30 , and the remaining by Baht 2,010,462.24 will be forgiven when follow the restructuring agreement.
Loan agreement (2)	Amount of Baht 41,566,225.07 to be repaid on an installment, finishing within February 2021, by quarterly and not less than Baht of 1,024,000 each quarter.	MLR per annum, payment by monthly.	Accrued interest amount of Baht 2,142,084.08 ; to be paid at the signing agreement date by Baht of 705,202.32, and the remaining by Baht 1,436,881.76 will be forgiven when follow the restructuring agreement.
Loan – Promissory note	Amount of Baht 100,000,000 to be repaid on an installment, finishing within February 2012. If subsidiaries able follow the debt restructuring agreement, there will be “Gain from debt restructuring” amount of Baht 13.13 million.	MLR per annum.	Accrued interest amount of Baht 28,150,684.93; to be paid at the signing agreement date by Baht of 243,000, and the remaining by Baht of 16,966,438.35 will be forgiven when follow the restructuring agreement.
Loan – Trust Receipt	Amount of Baht 23,940,354.50 to be repaid on an installment, finishing within February 2021, by quarterly and not less than Baht of 608,000 each quarter.	MLR per annum.	Accrued interest amount of Baht 6,519,437.61; to be paid on an installment by Baht of 57,000 per quarterly, total 2,589,843.47 and the remaining by Baht of - 3,929,594.14 will be forgiven when follow the restructuring agreement.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	<b>PRINCIPLE</b>	<b>NEW INTEREST</b>	<b>ACCRUED INTEREST</b>
Loan – bank overdraft	Amount of Baht 11,404,901.99 to be paid at the signing agreement date 1,404,901.99 , and the remaining to be repaid on an installment, finishing within March 2015, by monthly and not less than Baht of 250,000 each month.	MLR per annum, payment by monthly.	Accrued interest amount of Baht 63,274.01; to be paid at the signing agreement date by Baht of 36,777.33, and the remaining by Baht of 26,496.68 will be forgiven when follow the restructuring agreement.

**24. LIABILITIES UNDER COMPROMISE AGREEMENTS – NET**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Liabilities under compromise agreements	15,718	35,740	-	-
Current portion of long-term debt				
Liabilities under compromise	(15,718)	(20,022)	-	-
agreements - Net	-	15,718	-	-

As at December 31, 2013, the Company and a subsidiary had liabilities under compromise agreements with 17 payables by making monthly payment within 18 months with interest rate at 0% - 6% per annum in vary amount from Baht 11,241.10 to Baht 521,190.01 per month maturity in 2014

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**25. ESTIMATED LIABILITY – EMPLOYEE BENEFIT**

An independent actuary carried out an evaluation of the Company's obligations for employees' long-term benefits using the projected unit credit method. The Company has provided the estimated for employees' long-term benefits as follows:

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Provision for employee benefits - beginning	65,769	53,664	46,816	39,313
<u>add</u> recognized amount	10,588	12,105	7,570	7,503
Provision for employee benefits - ending	<u>76,357</u>	<u>65,769</u>	<u>54,386</u>	<u>46,816</u>
Present value of unfunded obligation	<u>76,357</u>	<u>65,769</u>	<u>54,386</u>	<u>46,816</u>

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Expense recognized in profit or loss				
Current service cost				
Current service cost	4,188	3,044	2,897	2,625
Interest cost	6,400	9,061	4,673	4,878
Total - recognized in the statement of income	<u>10,588</u>	<u>12,105</u>	<u>7,570</u>	<u>7,503</u>

**Principal actuarial assumptions (Actuarial basis)**

	Consolidated	Separated
	As at December 31, 2013 and 2012	As at December 31, 2013 and 2012
Discount rate (%)	4.5	4.5
Future salary increase (%)	6	6
Retirement age (year old)	60	60

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**26. COMPENSATION LIABILITIES – CONVERTIBLE PREFERRED SHARES**

The Company recorded liabilities for obligations to pay the unpaid dividend in the amount of Baht 17,101,510, and the difference amount between the market price of the Company's shares and the offering price as at the exercise date of Baht 3.1647 per share (33,744,100 shares) amounting to Baht 106,833,875 as "compensation liabilities - convertible preferred shares" in current liabilities.

On March 30, 2011, the Company reclassified compensation liabilities - convertible preferred shares to present in liabilities under rehabilitation plan (Note 22).

**27. SHARE CAPITAL AND PREMIUM (DISCOUNT) ON SHARES**

	Amount	As at December 31, 2013		As at December 31, 2012	
	of share	Shares	Amount	Shares	Amount
	(baht)	(Shares/baht)			
<b>Authorized share capital</b>					
As at January 1					
Ordinary shares	1	520,756,281	520,756,281	520,756,281	520,756,281
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
Reduction		-	-	-	-
Issue of new shares					
Ordinary shares	1	-	-	-	-
Preferred shares	1	-	-	-	-
Warrant	1	-	-	-	-
		600,243,737	600,243,737	600,243,737	600,243,737
<b>Authorized share capital consist of</b>					
Ordinary shares	1	414,607,781	414,607,781	414,607,781	414,607,781
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
Warrant	1	106,148,500	106,148,500	106,148,500	106,148,500
		600,243,737	600,243,737	600,243,737	600,243,737

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Amount	As at December 31, 2013		As at December 31, 2012	
	of share	Shares	Amount	Shares	Amount
	(baht)	(Shares/baht)			
<b>Issued and paid-up share capital</b>					
Ordinary shares	1	414,607,781	414,607,781	414,607,781	414,607,781
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
Issue of new shares					
Ordinary shares	1	-	-	-	-
Preferred shares	1	-	-	-	-
		494,095,237	494,095,237	494,095,237	494,095,237
<b>Issued and paid-up share capital</b>					
<b>Consist of</b>					
Ordinary shares	1	414,607,781	414,607,781	414,607,781	414,607,781
Preferred shares	1	79,487,456	79,487,456	79,487,456	79,487,456
		494,095,237	494,095,237	494,095,237	494,095,237
<b>Premium on shares</b>					
Beginning period					
Ordinary shares		414,607,781	8,542,665	414,607,781	8,542,665
Preferred shares		79,487,456	4,769,247	79,487,456	4,769,247
Issue of new shares					
Ordinary shares	0.06	-	-	-	-
Preferred shares	0.06	-	-	-	-
Ending period					
Ordinary shares	0.06	414,607,781	8,542,665	414,607,781	8,542,665
Preferred shares	0.06	79,487,456	4,769,247	79,487,456	4,769,247
<b>Discount on common shares</b>					
As at December 31					
Ordinary shares	1	414,607,781	(22,088,943)	414,607,781	(22,088,943)

## PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

#### AS AT DECEMBER 31, 2013

Fair value of shares and preferred share at date of issue which pay off creditor under rehabilitation plan (note 22) have its value of 1.06 Baht share as the independent appraiser financial report at August 5, 2011

On September 21, 2011 increase shares capital are becoming registration securities (Preferred shares are not registration securities).

#### Under rehabilitation plan

1. The Company approve deduction share capital amount of baht 52.99 million (52,999,999 shares of Baht 1 each) to 272.23 million (272,230,101 shares of Baht 1 each) by cancel non paid-up share capital 52,999,999 shares of Baht 1 each. And approve increase authorized share capital from amount of baht 272.23 million (272,230,101 shares of Baht 1 each) to 600.24 million (600,243,737 shares of Baht 1 each). The Company has registered increase and deduction share capital with ministry of Commerce on August 10, 2011 and September 9, 2011 respectively.
2. The Company has the resolution to approve the operation by debt to equity conversion under rehabilitation plan (note 22) by splitting common share 142.38 million Baht (142,377,680 shares with the share of 1 Baht) and the preferential right of 79.49 million Baht (79,487,456 shares which is worth 1 Baht per share) in order to pay the debt in the total amount of 221.87 million Baht.

#### WARRANTS

Under rehabilitation plan passed the resolution on determining the conditions and details of the warrants issued to a financial institution (convert liabilities to be capital) who propose the new credit facility to the Company, under the rehabilitation plan processing. On March 30, 2011, the Central Bankruptcy Court ordered the Company to rehabilitate its business as described in (note 22).

In August, the Company has issued 106,148,500 units of warrants to purchase ordinary shares, allocated to a financial institution who proposes the new credit facility to the Company. Each unit of warrant has a right to purchase 1 ordinary share of Baht 0.01 each. The warrants will be with 10 years term, the first exercise month on March, June, September and the last exercise month on December.

	Consolidated/ Separated	
	As at December 31, 2013	
	(unit)	(Baht)
Number of warrants	106,148,500	111,455,925
<u>Less</u> : The number of expired warrants - cumulative	-	-
<u>Less</u> : The number of exercised warrants - cumulative	-	-
Balance number of warrants	106,148,500	111,455,925

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

***Premium on share***

According to the provision of the Limited Public Company Act, B.E. 2535 (1992) section 51 in the case that the company has proposed to sell share higher than the value of the share that has been registered, the Company must set this excessive share amount as backup capital ("share value excessive part"). This share value excessive part cannot be paid as dividend.

**28. COMPANY'S SHARES HELD BY SUBSIDIARIES**

As at December 31, 2013 and 2012. The share of the Company that is held by subsidiary includes preferential right in the amount of 3,555,477 shares with the value of 1 Baht per share and ordinary shares amount of 2,400,000 shares with the value of 1 Baht per shares which the subsidiary (Patkol Trading Co., Ltd) has been received from transforming the debt into capital under the operation according to the reorganizational plan of the Company. The said share has been shown as they deduct in the part of shareholders under the topic "share of the Company held by subsidiary" in the consolidated.

**29. REVALUATION SURPLUS ON FIXED ASSETS**

Consist of :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Revaluation surplus on land				
Beginning balance	292,026	258,169	274,424	244,288
Increase	-	33,857	-	30,136
Decrease	-	-	-	-
Ending balance	292,026	292,026	274,424	274,424
Revaluation surplus on building				
Beginning balance	64,882	70,855	64,882	70,855
Revaluation Increase (Decrease)	-	(3,712)	-	(3,712)
Decrease - Depreciation	(3,430)	(2,261)	(3,430)	(2,261)
Ending balance	61,452	64,882	61,452	64,882
Revaluation surplus on fixed assets	353,478	356,908	335,876	339,306
Deferred tax liabilities	(70,696)	(71,382)	(67,175)	(67,861)
Revaluation surplus on fixed assets - net	282,782	285,526	268,701	271,445

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

As at December 31, 2013, and 2012, the Company and a subsidiary's land and plant are stated at appraised value, reports of the independent appraiser Agency for Real Estate Affairs valued by market value method at the date of August 7-10, 2012 and T.A. Management Corporation (1999) Co., LTD at date of August 14, 2012 respectively. The excess of appraised value of land and plant, which based on Market Approach and Cost Approach respectively on the consolidated financial statements over cost in the equal amount of Baht 31.42 million (the Company financial statements in the equal amount of Baht 26.42 million) are shown as "Revaluation surplus of fixed assets" under "Shareholders' Equity" in the statement of financial position. The revaluation surplus of fixed assets is not available for dividend distribution.

**30. LEGAL RESERVE**

According to the Public Companies Act, the Company has appropriated its reserve as a legal reserve not less than 5% of the annual net profit deducted by the total accumulated deficit brought forward (if any) until the reserve reaches an amount not less than 10% of the issued and paid-up share capital. The legal reserve may not be distributed as dividends.

**31. DIRECTOR AND MANAGEMENT REMUNERATION**

**DIRECTORS' REMUNERATION**

Directors' remuneration is contributed to directors of the Company and subsidiaries under Section 90 of the Public Companies Act excluding salaries and related fringe benefit paid to executive directors.

**MANAGEMENT'S REMUNERATION**

Management's remuneration is salaries, remunerations and other benefits to the executive directors, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**32. EARNING (LOSS) PER SHARE**

**Basic earnings (loss) per share :**

Basic earnings per share for the years ended December 31 ,2013 and 2012 are calculated by net profit (loss) of ordinary shareholder and preferred shareholder of ordinary shares and preferred shares issued and paid up during in the period by calculated follow as;

	For the years ended			
	Consolidated		Separate	
	2013	2012	2013	2012
	<i>(Baht/Share)</i>			
Owner of the parent				
Earning (Loss) for the periods				
(Thousand Baht)	(82,630)	366,144	(61,566)	363,827
Weighted average number of share	412,208	412,208	414,608	414,608
(Thousand Share)	412,208	412,208	414,608	414,608
Basic earnings per share <i>(Baht/Share)</i>	(0.20)	0.89	(0.15)	0.88

**Earnings per diluted share :**

The reduced profit per share for the years ending on December 31, 2013 and 2012 which is calculated from the profit of the last period as the part for shareholders of the Company and the amount of common share that has been sold between the period in each year by averaging after the adjustment of the effect of the reduced share as follows.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	For the years ended			
	Consolidated		Separate	
	2013	2012	2013	2012
	<i>(Baht/Share)</i>			
Owners of the parent				
Earnings (Loss) for the periods				
(Thousand Baht)	(82,630)	366,144	(61,566)	363,827
Number of ordinary share as at January 1,	412,208	412,208	414,608	414,608
Warrant	105,147	105,147	105,147	105,147
Weighted average number of share				
(Thousand Share)	517,355	517,355	519,755	519,755
Diluted earnings per share <i>(Baht/share)</i>	(0.16)	0.71	(0.12)	0.70

**33. CORPORATE INCOME TAX**

Income tax expense for the years ended December 31, 2013 and 2012 Consist of

	Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	2556	2555	2556	2555
<b>Income tax</b>				
Income tax for the year	(76)	-	-	-
<b>Defer income tax :</b>				
Deferred income tax effect of temporary difference and the reversal of temporary differences (note 19)	(34,856)	14,985	(12,631)	11,784
<b>Operating (expense) income tax present in the statement of comprehensive income</b>	<b>(34,932)</b>	<b>14,985</b>	<b>(12,631)</b>	<b>11,784</b>

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**Income tax recognized directly in equity**

Thousand Baht	
Consolidated financial statement	
Rate %	2556
Profit before income tax expense	997
Income tax using the Thai corporation tax rate	20 199
Income not subject to tax	(283)
Expenses not deductible for tax purposes	160
Loss carry forward less than 5 years	-
Total	8 76

Thousand Baht			
Separated financial statement			
Rate %	2556	Rate %	2555
Profit before income tax expense	(48,935)		(352,043)
Income tax using the Thai corporation tax rate	20 (9,787)	23	(80,970)
Income not subject to tax	(113,709)		(10,377)
Expenses not deductible for tax	1,176		5,094
Loss carry forward less than 5 years	-		(88,370)
Total	(122,320)		(174,623)

**Income tax reduction**

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after January 1, 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after January 1, 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after January 1, 2015 and onwards in order to give full effect to the Cabinet resolution dated October 11, 2011 to increase Thailand's tax competitiveness.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

**34. EXPENSES ANALYZED BY NATURE**

	Thousand Baht			
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012
Changes in inventories and work in process	(13,849)	(85,043)	(24,258)	(21,644)
Raw materials and supplies used	3,738,622	3,272,126	2,451,883	2,113,383
Staff expense	582,903	486,907	435,728	347,494
Depreciation and amortization	49,503	41,150	29,160	18,779
Bad debt (reversal)	(753,625)	7,255	(749,585)	8,700
Loss (reversal) decrease of inventory	(64,520)	12,967	1,517	1,712

**35. TRANSACTIONS WITH RELATED PERSON AND PARTIES**

Assets, liabilities, revenues and expenses arose from transaction with related person and companies. These related transactions are determined on the conditions in the normal course of business and based on the Company concerned as follows :

35.1. Relationship

Name	Inter - transaction	Relationship
Mr. Boonyong Kulkarnchanacheewin and Miss Rapeephan Kulkarnchanacheewin Body of person	Loan	Belonged to director and director's relative
Mr. Boonyong Kulkarnchanacheewin and Mr. Pisith Kulkarnchanacheewin Body of person	Loan	Belonged to director and director's relative
Mrs. Tippawan Kuwarodom and Miss Phakamas Kuwarodom Body of person	Loan	Belonged to director and director's relative
Mrs. Tippawan Kuwarodom and Mr. Worawut Kuwarodom Body of person	Loan	Belonged to director and director's relative
Mr. Boonyong Kulkarnchanacheewin and Mrs. Tippawan Kuwarodom Body of person	Loan	Belonged to director and director's relative

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

Name	Inter - transaction	Relationship
Patkol Manufacturing Co., Ltd.	Sale of goods and services	Subsidiary
Patkol Trading Co., Ltd.	Sale of goods and services	Subsidiary
Patkol R&D Co., Ltd.	Services	Subsidiary
S Panel Co., Ltd. * formerly name (*PKB Enterprise Co., Ltd.)	Sale of goods and services	Subsidiary
Siam Patkol Co., Ltd.	Services	Subsidiary of Patkol Trading Co., Ltd. And common
Prepack (Thailand) Co., Ltd.	Services	Common director

35.2. Pricing policy

	Pricing policy
Sale and services	Cost plus profit 1% for raw materials Cost plus profit 6% for finished goods
Purchase of goods and services	Cost plus profit 1% for raw materials Cost plus profit 6% for finished goods
Building rental and services	At Baht 1,000 - 148,000 per month
Interest expense to subsidiaries	At the interest rate of MOR per annum
Interest expense to persons	At 0% - 6.50% per annum
Management Fee	Price as agreed

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

35.3. Assets and liabilities with related persons and parties are as follows :

	Thousand Baht			
	Consolidated		Separated	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
<b>Trade accounts and other receivable - related parties</b>				
<u>Trade account receivable</u>				
Patkol Trading Co., Ltd.	-	-	18,472	5,473
S Panel Co., Ltd.	-	-	55,329	4,027
Prepack (Thailand) Co., Ltd.	347	342	342	342
Patkol Manufacturing Co., Ltd.	-	-	83,835	57,947
Total Trade account receivable	347	342	157,978	67,789
<b>Other receivables</b>				
Patkol Manufacturing Co., Ltd.	-	-	21,374	168,806
S Panel Co., Ltd.	-	-	2,246	15,803
Total Trade account and other receivable	347	342	181,598	252,398
<b>Trade accounts receivable - related parties</b>				
On aging :				
Undue	171	171	13,361	1,802
Overdue :				
- Not over 3 months	176	171	52,430	9,021
- 3-6 months	-	-	42,046	9,694
- 6-12 months	-	-	44,042	47,272
- Over 12 months	-	-	6,099	-
Total	347	342	157,978	67,789

Separated Financial Statements

There is one of the Company's trade account receivable with overdue period more than 6 months. Which is an account receivable of Company's subsidiaries with amount of Baht 24.31 million as at December 31, 2013. Company's management has considered that the trade account receivable is able pay its debt back to Company in full amount.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

Thousand Baht				
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
<b>Short - term loans and accrued interest income to related parties</b>				
<u>Short – term loans</u>				
S Panel Co., Ltd.	-	-	27,000	-
Patkol Trading Co., Ltd.	-	-	53,000	-
Patkol Manufacturing Co., Ltd.	-	-	93,000	-
Total	-	-	173,000	-
<u>Accrued interest income</u>				
S Panel Co., Ltd.	-	-	671	-
Patkol Trading Co., Ltd.	-	-	332	-
Patkol Manufacturing Co., Ltd.	-	-	680	-
Total	-	-	1,683	-
Total Short - term loans and accrued interest				
income	-	-	174,683	-
Increase and decrease of short - term loans to related parties are as follows :				

Thousand Baht				
	Balance		Balance	
	As at	Movement		As at
	January 1, 2013	Addition	Deduction	December 31 ,2013
S Panel Co., Ltd.	-	27,000	-	27,000
Patkol Trading Co., Ltd.	-	53,000	-	53,000
Patkol Manufacturing Co., Ltd.	-	153,000	(60,000)	93,000
Total	-	233,000	(60,000)	173,000

As at December 31, 2013 Company has loans from related are loan agreement at interest rate MOR per annum (Bangkok Bank) Due on demand.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
<b>Trade account payable - related parties</b>				
Patkol Manufacturing Co., Ltd.	-	-	91,028	170
S Panel Co., Ltd.	-	-	7,596	3,304
Prepack (Thailand) Co., Ltd.	31	3	31	3
Patkol Trading Co., Ltd.	-	-	1,663	-
Total	31	3	100,318	3,477

**Short-term loans from related persons and parties**

Mr. Boonyong Kulkarnchanacheewin and

Miss Rapeephan Kulkarnchanacheewin Body of person	-	6,000	-	-
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Mr. Boonyong Kulkarnchanacheewin and

Mr. Pisith Kulkarnchanacheewin Body of person	-	6,000	-	-
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Total	-	12,000	-	-
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Increase and decrease of Short-term loans from related persons and parties are as follows :

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
Beginning balance	12,000	12,000	-	-
Increase during the period	-	25,500	-	-
Decrease during the period	(12,000)	(25,500)	-	-
Ending balance	-	12,000	-	-

As at December 31, 2012, a subsidiary has loans from related persons are loan agreement at interest rate 7.00% per annum.

Due on demand.



**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2013**

	Thousand Baht			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2013	31, 2012	31, 2013	31, 2012
<b>Estimated liability-employee</b>				
<b>benefit-part of the management</b>	30,015	26,821	22,648	20,224
<b>Remuneration of directors and executives</b>				
Shot – term benefits	49,503	38,388	37,725	25,999
Post – employment benefits	2,704	1,118	2,425	838
Total	52,207	39,506	40,150	26,837

**35.4. Revenues and expenses transaction with related persons and parties**

Revenues and expenses transaction with related persons and parties for the years ended December 31, 2013 and 2012 as follows :

	Thousand Baht			
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012
<b>Revenues from sales of goods and services</b>				
<b>Subsidiaries</b>				
Patkol Manufacturing Co., Ltd.	-	-	106,383	44,852
S Panel Co., Ltd.	-	-	47,623	3,729
Patkol Trading Co.,Ltd.	-	-	9,370	9,507
Total	-	-	163,376	58,088
<b>Cost of sales and services</b>				
<b>Subsidiaries</b>				
Patkol Manufacturing Co., Ltd.	-	-	999,796	1,003,344
S Panel Co., Ltd.	-	-	74,266	34,103
Patkol Trading Co., Ltd	-	-	3,371	6,891
<b>Related company</b>				
Prepack (Thailand) Co., Ltd.	216	176	216	176
Total	216	176	1,077,649	1,044,514

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Thousand Baht				
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2013	2012	2013	2012
<b>Revenues from rental and service</b>				
<b>Subsidiaries</b>				
Patkol Manufacturing Co., Ltd.	-	-	55	239
Patkol Trading Co., Ltd.	-	-	4,646	4,104
S Panel Co., Ltd.	-	-	614	960
Patkol R&D Co., Ltd.	-	-	12	12
Siam Patkol Co., Ltd.	-	-	12	12
<b>Related company</b>				
Prepack (Thailand) Co., Ltd.	1,955	1,955	1,955	1,955
Total	1,955	1,955	7,294	7,282
<b>Interest income</b>				
Patkol Trading Co., Ltd.	-	-	1,317	-
S Panel Co., Ltd.	-	-	671	-
Patkol Manufacturing Co., Ltd.	-	-	680	-
Total	-	-	2,668	-
<b>Rental expense</b>				
<b>Subsidiaries</b>				
Siam Patkol Co., Ltd.	-	-	-	92
Total	-	-	-	92
<b>Interest expense</b>				
Interest expense – Short-term loans				
from related persons and parties	-	1,049	-	-
	-	1,049	-	-

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35.5. Inter transactions with subsidiaries and related parties

	Thousand Baht	
	Consolidated	
	For the years ended December 31,	
	2013	2012
<b>Patkol Manufacturing Co., Ltd.</b>		
Prepack (Thailand) Co., Ltd.		
Cost of sales and services	-	378
Patkol Trading Co., Ltd.		
Trade accounts receivable - related parties	334	196
Short- term loan	-	60,000
Accrued interest receipt	-	3,708
Interest receipt	2,558	3,418
Trade accounts payable - related parties	403	576
Revenues from sales of goods and services	130	183
Cost of sales and services	2,429	903
S Panel Co., Ltd.		
Trade accounts payable - related parties	2	3
Cost of sales and services	74	234
<b>S Panel Co., Ltd.</b>		
Prepack (Thailand) Co., Ltd.		
Trade accounts receivable - related parties	5	-
Revenues from sales of goods and services	75	9
Patkol Manufacturing Co., Ltd.		
Trade accounts receivable - related parties	2	3
Revenue from sale and service	74	234
Patkol Trading Co., Ltd.		
Cost of sales and services	247	382
Accrued interest expense	125	-
Interest expense	125	-

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	Thousand Baht	
	Consolidated	
	For the years ended December 31,	
	2013	2012
<b>Patkol Trading Co., Ltd.</b>		
Patkol Manufacturing Co., Ltd.		
Trade accounts receivable - related parties	403	576
Trade accounts payable - related parties	334	196
Revenues from sales of goods and services	2,429	903
Cost of sales and services	130	183
Short- term loan	-	60,000
Accrued interest	-	3,708
Interest expense	2,558	3,418
S Panel Co., Ltd.		
Revenues from sales of goods and services	247	382
Accrued interest receipt	125	-
Interest receipt	125	-
Prepack (Thailand) Co., Ltd.		
Cost of sales and services	-	2

**36. PROMOTIONAL PRIVILEGES**

A subsidiary (Patkol Manufacturing Co.,Ltd.) is granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 for the manufacturing business of industrial machineries and spare parts or machineries equipment. The Significant privileges are as follows :

- 1) To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings, provided that such a project with capital investment not exceed 100 per cent of total investment excluding cost of land and working capital.
- 2) To exempt the customs duty for imported raw materials and essential materials used in manufacturing for re-export for the period of 5 years from the imported date.
- 3) To exempt the import duty on machinery which have to import within June 18, 2006. Such company was granted the extension period of importing of machinery until June 18, 2009 in compliance with the approval letter No. Or Kor. 0906/004620 dated June 30, 2008.

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Subsidiary must to comply with the certain conditions and terms as stipulated in promotion certificate from being a promoted industry company.

Subsidiary's revenues are separated as follows :

Thousand Baht						
For the years ended December 31,						
	Promoted business		Non-promoted business		Total	
	2013	2012	2013	2012	2013	2012
Revenue from sales and services	749,472	1,020,798	293,164	13,343	1,042,636	1,034,141
Other income	10,338	15,070	2,660	112	12,998	15,182
Total	759,810	1,035,868	295,824	13,455	1,055,634	1,049,323

**37. FINANCIAL INFORMATION BY SEGMENT**

The Company and the subsidiaries' operations involved in the trading and services of engineering products which include turnkey sales of services in design, manufacturing and installation of various types of industrial refrigeration for the ice making industry and supermarket, dairy and ice-cream processing, as well as food related processing plant and applies made to order and operated the business in geographical segment both in domestic and overseas.

Business unit segment information of the Company and subsidiaries for the years ended December 31, 2013 and 2012. Follows :

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	Million Baht					
	Consolidated					
	For the years ended					
	Ice machine and Industrial refrigeration machine	Machineries for Liquid and food processing	Turnkey project	Service And Spare part	Central management and others	Total
<b>December 31, 2013</b>						
<b>Statement of comprehensive income</b>						
Revenue from sales and services - domestic	1,553.75	1,156.40	397.00	388.05	0.05	3,495.25
Revenue from sales and services - overseas	492.76	214.89	-	30.50	-	738.15
Cost of sales	(1,563.77)	(1,076.96)	(346.91)	(271.59)	(71.14)	(3,330.37)
Gross profit (loss)	482.74	294.33	50.09	146.96	(71.09)	903.03
Other income	5.83	17.29	(0.13)	0.13	35.59	58.71
Selling expenses	(34.55)	(14.22)	(4.36)	(10.51)	(32.56)	(96.20)
Administrative expenses	(42.77)	(27.05)	(14.64)	(11.14)	(373.21)	(468.81)
Directors' remuneration	-	-	-	-	(4.97)	(4.97)
Management's remuneration	-	-	-	-	(49.50)	(49.50)
Loss on litigation case	-	-	-	-	(314.00)	(314.00)
Bad debt and doubtful accounts	(22.06)	3.50	(1.82)	(1.26)	(26.93)	(48.57)
Profit (Loss) before financial cost	389.19	273.85	29.14	124.18	(836.67)	(20.31)
Financial cost - interest expense	(21.31)	(3.01)	(6.23)	(5.38)	8.65	(27.28)
Net profit (loss)	367.88	270.84	22.91	118.80	(828.02)	(47.59)
<b>Balance sheet</b>						
Property, plant and equipment-net	1.75	3.22	0.06	1.77	751.16	757.96
<b>December 31, 2012</b>						
<b>Statement of comprehensive income</b>						
Revenue from sales and services - domestic	1,007.15	1,145.25	404.08	347.83	(3.39)	2,900.92
Revenue from sales and services - overseas	442.89	197.35	-	39.05	-	679.29
Cost of sales	(1,126.04)	(1,102.41)	(338.35)	(220.98)	(83.79)	(2,871.57)
Gross profit (loss)	324.00	240.19	65.73	165.90	(87.18)	708.64
Other income	9.20	1.80	-	0.06	48.00	59.06
Selling expenses	(36.92)	(14.65)	(5.99)	(8.06)	(12.29)	(77.91)
Administrative expenses	(19.78)	1.50	(4.96)	(0.12)	(254.45)	(277.81)
Directors' remuneration	-	-	-	-	(5.09)	(5.09)
Management's remuneration	-	-	-	-	(38.39)	(38.39)
Profit (Loss) before financial cost	276.50	228.84	54.78	157.78	(349.40)	368.50
Financial cost - interest expense	(17.58)	1.76	(4.43)	(4.54)	6.87	(17.92)
Net profit (loss)	258.92	230.60	50.35	153.24	(342.53)	350.58
<b>Balance sheet</b>						
Property, plant and equipment-net	1.52	4.10	0.05	1.00	702.11	708.78

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	Million Baht					
	Separated					
	For the years ended					
	Ice machine and refrigeration machine	Machineries for Liquid and food processing	Turnkey project	Service and Spare part	Central management and others	Total
<b>December 31, 2013</b>						
<b>Statement of comprehensive income</b>						
Revenue from sales and services - domestic	1,443.16	1,156.40	383.92	257.63	163.02	3,404.13
Revenue from sales and services - overseas	492.76	214.90	-	8.91	-	716.57
Cost of sales	(1,551.04)	(1,090.92)	(335.36)	(172.72)	(180.86)	(3,330.90)
Gross profit (loss)	384.88	280.38	48.56	93.82	(17.84)	789.80
Other income	5.83	17.29	(0.13)	0.13	28.94	52.06
Selling expenses	(34.55)	(14.22)	(4.37)	(10.51)	(17.16)	(80.81)
Administrative expenses	(42.77)	(27.05)	(14.64)	(11.14)	(292.80)	(388.40)
Directors' remuneration	-	-	-	-	(4.92)	(4.92)
Management's remuneration	-	-	-	-	(37.72)	(37.72)
Loss of the prosecution case	-	-	-	-	(314.00)	(314.00)
Loss on impairment of assets	-	-	-	-	(0.50)	(0.50)
Bad debt and doubtful accounts	(22.06)	3.50	(1.82)	(1.26)	(26.93)	(48.57)
Profit (Loss) before financial cost	291.33	259.90	27.60	71.04	(682.93)	(33.06)
Financial cost - interest expense	(21.31)	(3.01)	(6.23)	(5.38)	20.06	(15.87)
Net profit (loss)	270.02	256.89	21.37	65.66	(662.87)	(48.93)
<b>Balance sheet</b>						
Property, plant and equipment-net	1.75	3.22	0.06	1.77	506.78	513.58
<b>December 31, 2012</b>						
<b>Statement of comprehensive income</b>						
Revenue from sales and services - domestic	921.61	1,145.25	404.70	224.52	53.53	2,749.61
Revenue from sales and services - overseas	442.89	197.35	-	17.47	-	657.71
Cost of sales	(1,080.52)	(1,118.00)	(341.50)	(160.30)	(88.36)	(2,788.68)
Gross profit (loss)	283.98	224.60	63.20	81.69	(34.83)	618.64
Other income	9.20	1.80	-	0.06	38.73	49.79
Selling expenses	(36.92)	(14.65)	(5.99)	(8.06)	(0.03)	(65.65)
Administrative expenses	(34.20)	1.50	(4.96)	(0.12)	(179.17)	(216.95)
Directors' remuneration	-	-	-	-	(4.94)	(4.94)
Management's remuneration	-	-	-	-	(26.00)	(26.00)
Profit (Loss) before financial cost	222.06	213.25	52.25	73.57	(206.24)	354.89
Financial cost - interest expense	(17.58)	1.76	(4.43)	(4.54)	21.94	(2.85)
Net profit (loss)	204.48	215.01	47.82	69.03	(184.30)	352.04
<b>Balance sheet</b>						
Property, plant and equipment-net	1.52	4.10	0.05	1.00	466.59	473.26

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**38. DISCLOSURE OF FINANCIAL INSTRUMENTS**

38.1 Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in note 5.3

38.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. Financial assets shown in balance sheets at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

38.3 Exchange rate Risk

The Company and subsidiaries have the exchange rate risk for trade accounts receivable and payable denominated to foreign currency. The Company has reduced the uncertainty of future cash flow by using natural hedge. Besides, the Company has managed the risk by entering into forward contract.

As at December 31, 2013 and 2012, the Company and subsidiaries have assets and liabilities denominated to foreign currencies and forward contract agreement for partial transactions as follows :

Transaction	Currency	Consolidated		Separated	
		As at	As at	As at	As at
		December	December	December	December
		31, 2013	31, 2012	31, 2013	31, 2012
Deposit at banks	THOUSAND USD	1,428	1,413	1,402	1,388
	THOUSAND IDR	113,770	119	113,770	119
	THOUSAND PHP	1,188	-	1,188	-
Trade accounts	THOUSAND USD	2,752	2,135	2,589	1,970
Receivable	THOUSAND EURO	190	10	190	10
/Deposit	THOUSAND SGB	3	-	3	-
Trade accounts					
payable	THOUSAND USD	381	357	230	191
	THOUSAND EURO	193	317	171	313
Trust receipts	THOUSAND EURO	80	-	80	-



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**38.4 Interest rate risk**

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries' operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its deposits at financial institutions, deposits at bank with commitment, short - term loans from financial institutions, long - term loans and long-term liabilities under financial lease agreement. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

**38.5 Fair value of financial instruments**

Financial assets shown in balance sheets consist of cash and cash equivalents, trade accounts receivable, short-term loans and other receivables. Financial liabilities shown in balance sheet consist of bank overdrafts and short-term loans from financial institutions, trade accounts payable, short-term loans, long-term loans and other payables.

The carrying value of financial assets and liabilities are close to their fair value.

**39. COMMITMENT AND CONTINGENT LIABILITIES**

39.1 As at December 31, 2013, the Company has commitment under the hiring contractor agreement in amount of Baht 150.53 million and commitment on the conditions in the purchase of goods agreement in amount of Baht 66.37 million in the separate financial statements.

39.2 As at December 31, 2013, the Company has commitment under long-term land lease agreement with maturity in 2016. The undue rental equal to Baht 2.00 million.

39.3 As at December 31, 2013, the Company and subsidiaries have contingent liabilities on bank's issuance letter of guarantee for the Company's and subsidiaries retentions and the work offer competing bids to the customers as follows :

	Consolidated	Separated
	As at December	As at December
	31, 2013	31, 2013
Domestic currency (million Baht)	293.30	293.30
Foreign currency		
Thousand USD	256.37	256.37

39.4 The Company guaranteed facilities for two subsidiaries in amount of Baht 283.81 million. Without a guarantee fee.

39.5 As at December 31, 2013, the Company has the commitment to pay for the deposit contacts, by 1 post date cheques amount of Baht 3.8 million.

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- 39.6 Had commitments under operating lease agreements.

The Company and its subsidiaries had commitments to pay for the lease payments under the vehicle as follows:

	<u>Million Baht</u>
<u>Vehicle lease agreement</u>	
Within	
1 year	-
2 - 5 years	7.63

- 39.7 As at December 31, 2013 the, Company has commitment of development organization advisory contract is amount of USD 195,000.

**40. PENDING LAWSUITS**

As at December 31, 2013

- 40.1 The Company has contingent liability arising from corporate income tax assessment of year 2003 together with penalty and surcharge performed by the Revenue Department officer totaling Baht 21.05 million because the Company has gain on disposal of investment in a subsidiary resulting from a selling price higher than acquisition cost. At present, the case is in the central tax court. The Company has recognized the impairment of asset-withholding tax.
- 40.2 The Company has contingent liability arising from a bank settle debts to a creditor according to letter of guarantee in the amount of Baht 11.44 million. On May 20, 2013, the Company, the creditor and financial institution have entered into a compromise agreement, the creditor received by Baht of 314 million.(note 22). and the financial institution become as a part of 9<sup>th</sup> group creditor- creditor from guarantee as Note 22). However, in during in 2011 the Company recorded liability in financial statement as creditor-financial institution settle debt to letter of guarantee.
- 40.3 The Company has contingent liabilities arising from the contractor charge for damage from breach of contract amounting to approximately Baht 2,972 million. (11<sup>th</sup> group creditors – creditors from loss under debate right as Note 22). On May 20, 2013, the Company, the creditor and financial institution have entered into a compromise agreement, the creditor received by Baht of 314 million. The Company has recognized loss on litigation case and liability in financial statement (note 22) and such creditor has filed a petition to withdraw the request of received payment.

**PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

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**41. CAPITAL MANAGEMENT**

The objective of financial management of the Company and subsidiaries is to maintain the continuity of operation capability and appropriate capital structure.

As at December 31, 2013 and 2012, debt to equity ratio in the consolidated financial statements is 3.14 :1 and 2.68 :1, respectively (the separate financial statements: debt to equity ratio is 2.99 and 2.41 : 1, respectively).

**42. RECLASSIFICATION**

Certain transactions of financial statements for the year ended December 31, 2012 were reclassified to be comply with the presentation of the financial statements for the years ended December 31, 2013.

**43. FINANCIAL STATEMENTS APPROVAL**

These financial statements have been approved to be issued by the Company's Board of Directors on February 25, 2014.