

ANNUAL REPORT 2016



PATKOL
Public Company Limited

Patkol Pulbic Company Limited

VISION

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

MISSION

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



CONTENT

1	<i>General Information and Other Important Information</i>
8	<i>Financial Highlights</i>
11	<i>Message from Chairman of the Board</i>
12	<i>Message from Chief Executive Officer</i>
13	<i>Board of Directors</i>
15	<i>Management Team</i>
16	<i>Organization Chart</i>
17	<i>Major changes and developments over the last 3 year</i>
18	<i>Policy on Business Operations and Nature of Business</i>
32	<i>Securities Information and Major of Shareholders</i>
36	<i>Management Structure</i>
56	<i>Corporate Governance</i>
70	<i>Risk Factors and Risk Management</i>
74	<i>Internal Control and Audit System</i>
75	<i>Related Transactions</i>
77	<i>Corporate Social Responsibilities</i>
86	<i>Safety, Occupational Health and Environment</i>
88	<i>Management Discussion and Analysis (MD&A)</i>
96	<i>Audit Committee Report</i>
99	<i>Report on the Board of Directors' Responsibilities towards Financial</i>
100	<i>Financial Statement for the year 2016</i>
174	<i>Appendix</i>
175	<i>- Profiles of the Board of Directors and Management Team</i>
180	<i>- Details of Director in subsidiaries</i>

General Information

PATKOL PUBLIC COMPANY LIMITED

Location :

No. 348 Chalem Prakit Rama 9 Road,
Pravate, Nongbon, Bangkok 10250 Thailand

Tel : + 66 (0) 2328 1035

Fax : + 66 (0) 2328 1245

Website <http://www.patkol.com>

Registration No. : 0107536000587

Date of Establishment : 28 November 1965

Business Overview :

PATKOL is renowned for being an excellent engineering company specializing in providing quality refrigerating and food processing machines, varying in ice-making machine, refrigerated room, freezing system for liquid products such as pasteurized and UHT dairy, energy drink, fruit juice, and drinking water. Also keen on inventing high-quality machines and equipment food processing plants while developing freezing machine, grading machine for fish and shrimp etc.

Securities Information :

Common share of Patkol Public Company Limited were listed and traded on the Stock Exchange of Thailand in 1993 under the abbreviated security name of "PK"

Registered Capital :	600,243,737 Baht
Paid-up Capital :	494,095,237 Baht
Paid-up Common share :	414,607,781 Share
Paid-up Preferred share :	79,487,456 Share
Par Value :	1 Baht

Contacts :

Company Secretary / Investor Relations

Tel : + 66 (0) 2328 1035 Ext. 1013

Fax : + 66 (0) 2328 1245

Email : poonyavee.ch@patkol.com



Other Important Information

Summary Business held by the Company 10% upward

1. Patkol Trading Company Limited (PKT):

No. 79/1 Moo 14, Rachathewa, Bang Phli, Samut Prakarn Province

Tel. +66 (0) 2328 1035

Business Type : Sale of the electric system equipment, spare part for industrial refrigeration

Registered Capital : 30,000,000 Baht shareholding 99.99%

2. Siam Patkol Company Limited (SPK) :

No. 348 Chalerm Prakit Rama 9 Road, Nongbon, Pravate, Bangkok

Tel. +66 (0) 2328 1035

Business Type : Currently not operation

Registered Capital : 2,500,000 Baht shareholding 39.99% and PKT's shareholding 60%

3. S Panel Company Limited (SPN) :

No. 89/64 Moo 2 Kalong, Muang Samutsakorn, Samutsakorn Province

Tel. +66 (034) 885 090

Business Type : Manufacture and import foam plate and equipment for cold room business

Registered Capital : 10,000,000 Baht shareholding 80%

4. Patkol Manufacturing Company Limited (PKM) :

No. 129 Moo 3, Phechakasem Road, Huairong, Khao Yoi, Phetchaburi Province

Tel. +66 (032) 447 920

Business Type : Manufacture and sale of food related processing equipment and cooling equipment.

Registered Capital : 100,000,000 Baht shareholding 99.99%

5. Heat Away Company Limited (HA) :

No. 567/14 On nut Road, Pravate, Pravate, Bangkok

Tel. +66 (0) 2000 6500

Business Type : Sale of evaporative condenser, spare parts and equipment for evaporative condenser.

Registered Capital : 10,000,000 Baht shareholding 99.99%

6. Patkol Philippines Corporation Company Limited (PK-PH) :

Unit 12G IBM Plaza Building, E, Rodriguez Jr., Eastwood Quezon city 1110 Philippines

Business Type : Machinery and project sales representative, including providing machinery installation and maintenance services in Philippines.

Registered Capital : 11,750,000 Philippine Peso shareholding 60%

7. PT. Indonesia Patkol Service Corporation Company Limited (PK-ID):

Kompleks City Resort Rukan Miami Block C No. 17B, Jln Kamal Raya Outer Rign Road, Cengkareng, Jakarta Barat 11730

Business Type : Machinery installation and maintenance services in Indonesia

Registered Capital : 2,737,400,000 Rupiah shareholding 99.99%

Reference Firms

- **Registrar of Common Shares** : Thailand Securities Depository Co., Ltd.
93 Ratchadapisek Road, Dindaeng, Bangkok.
Tel. +66 (0) 2009 9000
- **Authorized Auditor** : Karin Audit Company Limited
138, 6th Floor Bunmit Building, Room B, Silom Road, Suriyawong, Bangkok
Tel. +66 (0) 2634 2484
- **Legal Consultants**: Dharmniti Law Office Company Limited
2/4, 4th Floor Nai Lert Tower, Wireless Road, Lumpini, Pathumwan, Bangkok
Tel. +66 (0) 2252 1260



เครื่องทำน้ำแข็งหลอด
Tube Ice Machine

เครื่องทำน้ำแข็งเกล็ด
Scale Ice Machine



โรงงานน้ำแข็งซอง
Block Ice Plant

เครื่องบรรจุน้ำแข็งหลอด
Tube Ice Packing Machine



ห้องเย็นอุตสาหกรรม Cold Room & Cold Storage



ระบบทำน้ำเย็น Ripple Plate Water Chiller

ชุดระบายความร้อน Evaporative Condenser



ตู้แช่ผลิตภัณฑ์สำหรับ ซูเปอร์มาร์เก็ต Super Market Showcase

Liquid Product Processing Business



เครื่องจักรสำหรับผลิตสินค้าใน
อุตสาหกรรมผลิตนมและเครื่องดื่ม
Dairy & Beverage Industry

เครื่องจักรสำหรับผลิตสินค้าใน
อุตสาหกรรมผลิตเครื่องปรุงรส
Sauces & Seasoning Industry



เครื่องจักรสำหรับผลิตสินค้าใน
อุตสาหกรรมผลิตเครื่องสำอางค์และยา
Pharmaceutical Industry

เครื่องจักรสำหรับผลิตสินค้าใน
อุตสาหกรรมผลิตสีและเคมีภัณฑ์
Cosmetic Industry

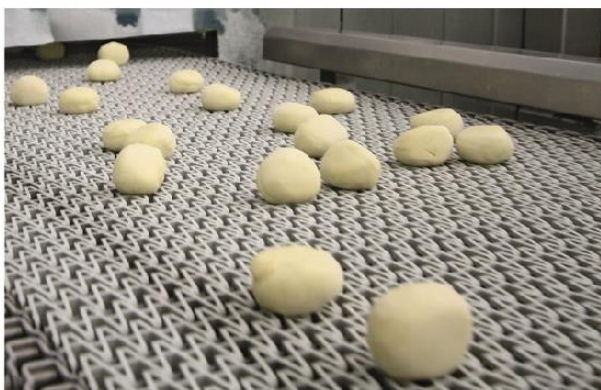


เครื่องจักรสำหรับอุตสาหกรรม
แช่แข็ง
Individual Quick Freezer



เครื่องจักรสำหรับอุตสาหกรรม
อาหารกระป๋อง
Tuna Processing

เครื่องล้างตระกร้า
Tray Washer Machine



ระบบสายพานลำเลียง
Conveyor Belt



สำนักงานใหญ่ กรุงเทพฯ



โรงงาน กิ่งแก้ว



โรงงาน เพชรบุรี



ศูนย์ภาคตะวันออกเฉียงเหนือ (ขอนแก่น)



ศูนย์ภาคใต้ (สุราษฎร์ธานี)



ศูนย์ภาคเหนือ (ลำพูน)

Subsidiaries & Sales offices

Thailand (Head office)

348 Chaleerm Prakiat Rama 9 Road,
Pravate, Bangkok 10250
Tel : +66 2-328-1035 - 49
Fax : +66 2-328-1245
E-mail : sales@patkol.com

Indonesia

Jalan Kamal Raya Outer Ring Road
Kompleks City Rukan Miami Blok C No.17B,
Cengkareng 11730 JAKARTA
Tel : +6221 56959907/08
Fax : +6221 56959910
E-mail : indonesia@patkol.com

Malaysia

S-01-09, Impian, Commerz Shop,
Jalan Subang 1, USJ 1, 47600 Subang Jaya,
Selangor, Malaysia
Tel : +60-3-8021-7720
E-mail : malaysia@patkol.com

Vietnam

Gemadep Building Level16
6 Le Thanh Ton District1,
Ho Chi Minh City, Vietnam
Tel : +84-8-6255-6800
E-mail : vietnam@patkol.com

Philippines

Unit 12G IBM Plaza Building, E,
Rodriguez Jr., Eastwood Quezon city
1110 Philippines
Tel : +63-9178373659
E-mail : philippines@patkol.com

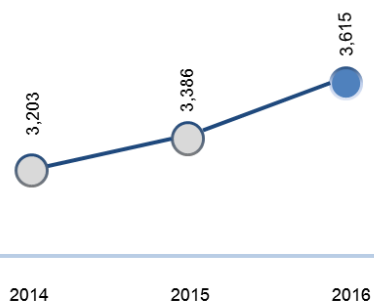
Myanmar

No. 808, 8th Floor, Room MGW Tower,
Bo Aung Kyaw Street, 8th Quarter,
Kyauktada Township 11182,
Yangon Region, The Union of Myanmar
Tel : +95 (0) 1256579
E-mail : myanmar@patkol.com

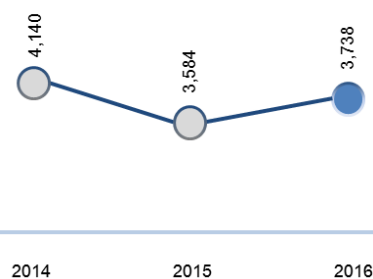


Financial Highlights

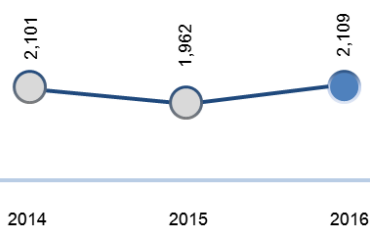
TOTAL ASSETS (Million Baht)



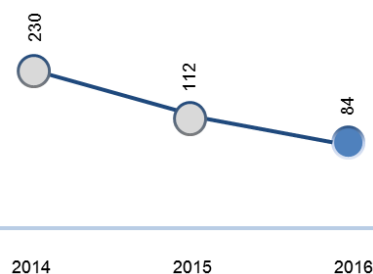
TOTAL REVENUES (Million Baht)



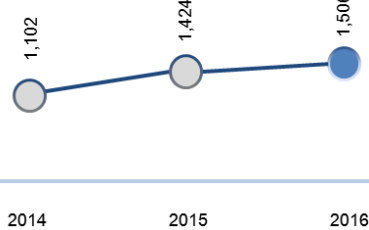
TOTAL LIABILITIES (Million Baht)



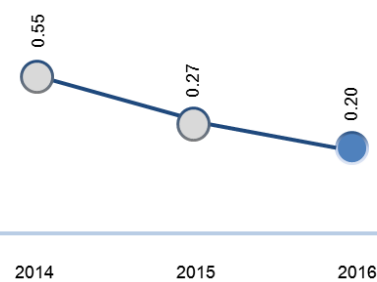
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT (Million Baht)



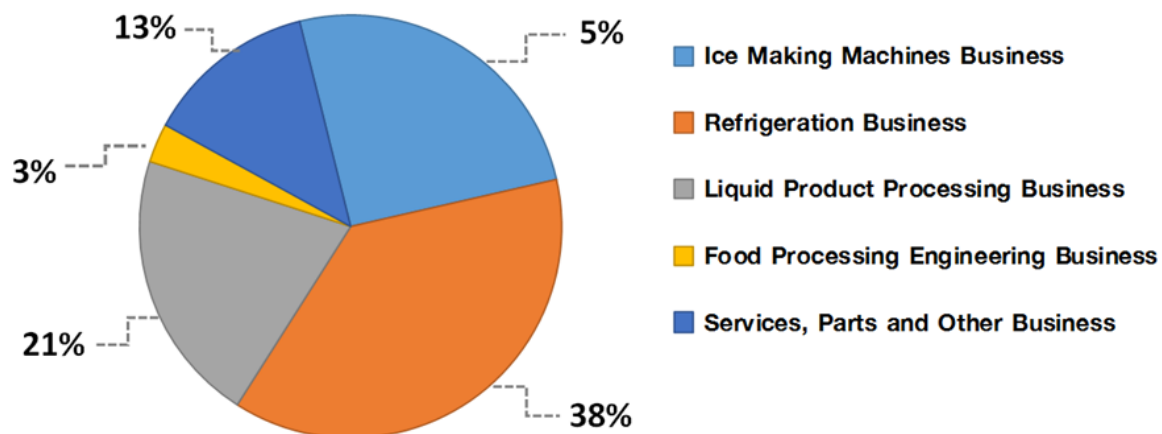
TOTAL SHAREHOLDERS EQUITY (Million Baht)



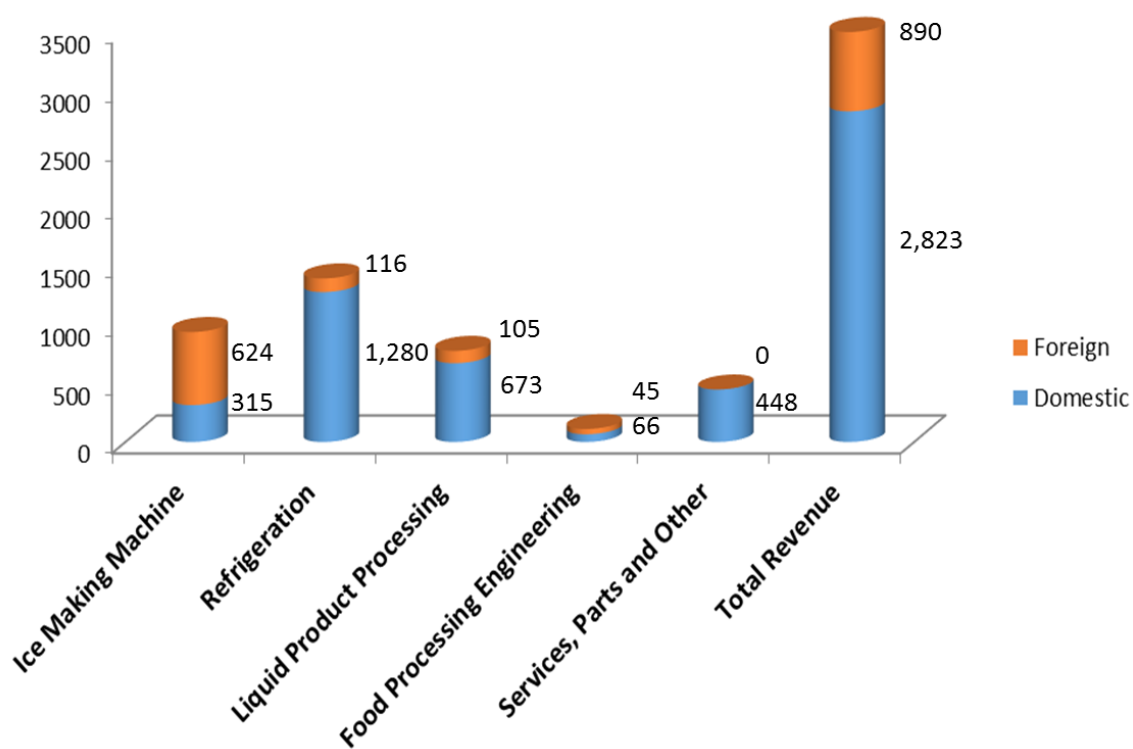
EARNINGS PER SHARE (Baht)



Revenue Breakdown by Business of PATKOL GROUP (Percentage)



The Proportion of PATKOL GROUP revenue is split by domestic and foreign regions (Million Baht)



Summary Consolidated Operational and Financial Highlights

As at 31 December

2016

2015

2014

Consolidated Financial Statement Highlights

Unit : Million Baht

Total assets	3,615	3,386	3,203
Total liabilities	2,109	1,962	2,101
Shareholders' equity	1,506	1,424	1,102
Revenue from sales and rendering services	3,713	3,551	4,079
Profit before income tax	112	154	288
Net profit	72	321	227
Profit attributable to owners of the parent	84	112	230
Retained earnings	58	53	44

Consolidated Financial Ratios

Liquidity ratio (Times)	1.61	1.70	1.70
Debt to equity ratio (Times)	1.40	1.40	1.90
Gross profit ratio (%)	26	24	21
Net profit (%)	2	3	6
Average return on equity ratio (%)	6	9	25
Average return on assets ratio (%)	2	3	7
Net earnings per share (Baht)	0.20	0.27	0.56
Book value per share (Baht)	3.61	3.44	2.65

Message from Chairman of the Board

Dear Shareholders

In the past 2016 is another year that the overall economy of our country was affected by the various factors both domestically and internationally. They have caused the overall economy started to recover slowly, and our economy was a little better than the previous year. It can be seen from the GDP data in 2016 equaled to 3.2 percent (in 2015 equals to 2.9 percent). However, from the policy of the investment that our company that still determined to expand its domestic and international business continuously resulted in the overall operation was in the satisfactory level and we could grow with significance.

The result of our operations and the affiliates in the past year can be counted as consistent growth with the economic situation that started to recover. Our company and its affiliates had the revenue from sales and services in the amount of 3,713 million, while in 2015 we had 3,551 million baht, an increase from the previous year by 162 million baht, or 4.6 percent. We earned the profits from the net worth of the parent company by 84 million baht, or 2.3 percent of the revenue. While in 2015 we had the net profit at 112 million baht, or 3.2 percent of the revenue. Due to the company has invested in the R&D of goods modern engineering technologies and development of manpower and assets, not just to prepare for readiness from the year-to-year job expansion. However, it was to support the policy of the state in the development and production of goods and service, so we can participate in bringing Thai industrial sector to the Industry 4.0 within 20 years.

Moreover, we also gave priority to the management according to the good governance principle with integrity, transparency and accountability. We focused on creating optimized benefits for the shareholders. As a result, we have been evaluated on the quality in the annual general meeting of the shareholders for 2016 at 95.38 points from 100 for the first year. In addition, this year we had participated in the announcement of the intention as an ally of the Thai private sector on the anti-corruption as well.

Thus, in 2017 is another landmark that the management and all of our personnel to combine their full determination to create business growth opportunity for the company to go forwards with sustainability. On behalf of the Patkol board of directors, I appreciate it with the shareholders, customers, trade partners and business allies who have trust and good support for our operations all along.



Assoc. Prof. Dr. Somchob Chaiyavej

Chairman of the Board

Dear Shareholders

In 2016 was another landmark year that Patkol Public Company Limited could build up on the operations to be satisfactory and paid dividends in return to its common stock and preferred stock shareholders together with taking care of our customers, trade partners and trade allies closely. Although we had to face the challenges from the economic situations domestically and overseas; nevertheless, we could produce the net profit of 110 million baht, or 0.27 baht per share.

Our company also focused on the strategy in the business expansion to the ASEAN principally, so the Patkol group can grow continuously from 2015 that we have invested in establishing an affiliate in the Philippines and Indonesia. As for 2016 we established an affiliate in Malaysia under the name "Patkol Malaysia Sdn. Bhd." and in 2017 we have a plan to set up an affiliate in Myanmar, Cambodia and Sri Lanka in response to the business expansion on machinery for refrigeration and food processing and beverages.

Throughout our 52-year history, ever since from opening the business, Patkol has determined to perform the duty and presented **"the friendly engineering for the world food producers on refrigeration systems, ice cube maker and food production process,"** it had sincerity with the customers and took care of the customers to have maximum benefits from us. Meanwhile, we have provided help to our customers to success in business, Patkol is considered as achieving success as well under the goods production and quality service equivalent to the world standard level.

Lastly, on behalf of the management, I would like to thank the shareholders, customers, trade partners and the patrons, trade allies and the financial institutions that have given support to Patkol very well all along. It included thank the management group and personnel friends who have sacrificed their body and mentality for Patkol can move forwards with sustainability under the management with good governance. We have responsibility for the society and the environment, including forming part of the private sector in the anti-fraud and corruption.



Mr. Sangchai Chotchuangchutchaval
Chief Executive Officer



Assoc. Prof. Dr. Somchob Chaiyavej

Chairman and Independent Director



Dr. Piya Chongvatana

Vice Chairman



Mr. Sangchai Chotchuangchutthaval

Director and
Executive Committee Member



Mr. Suchart Suksumitr

Chairman of the Audit Committee,
Independent Director and Chairman
of the Nomination and Remuneration
Committee



Mr. Preecha Chantrangkul

Audit Committee Member and
Independent Director



Mr. Veerachai Srikajorn

Audit Committee Member,
Independent Director and
Chairman of the Risk Management
Committee





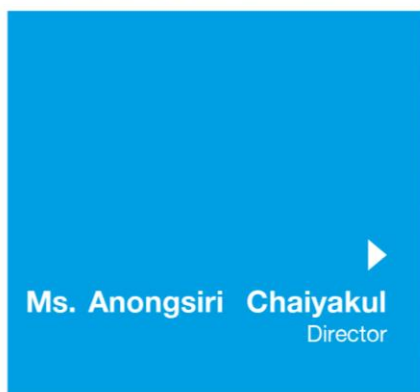
Mr. Paradorn Chulajata

Director, Audit Committee Consult,
Risk Management Committee Member
and Nomination and Remuneration
Committee Member



Ms. Nongluck Sakdakrai

Director and Nomination and
Remuneration Committee Member



Ms. Anongsiri Chaiyakul

Director



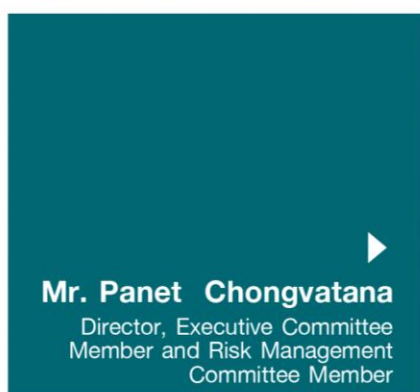
Mr. Sumet Jiambutr

Director



**Mr. Rangsan
Thammanee Wong**

Director, Executive Committee
Member and Risk Management
Committee Member



Mr. Panet Chongvatana

Director, Executive Committee
Member and Risk Management
Committee Member



Management Team



**Mr. Sangchai
Chotchuangchutchaval**

Chief Executive Officer and
Chief Operation Officer



Mr. Mongkol Maduethong
Managing Director Ice Machine



Mr. Panet Chongvatana

Chief Administrative Officer



Mr. Adisak Poolsri

Chief Technical and
Development Officer

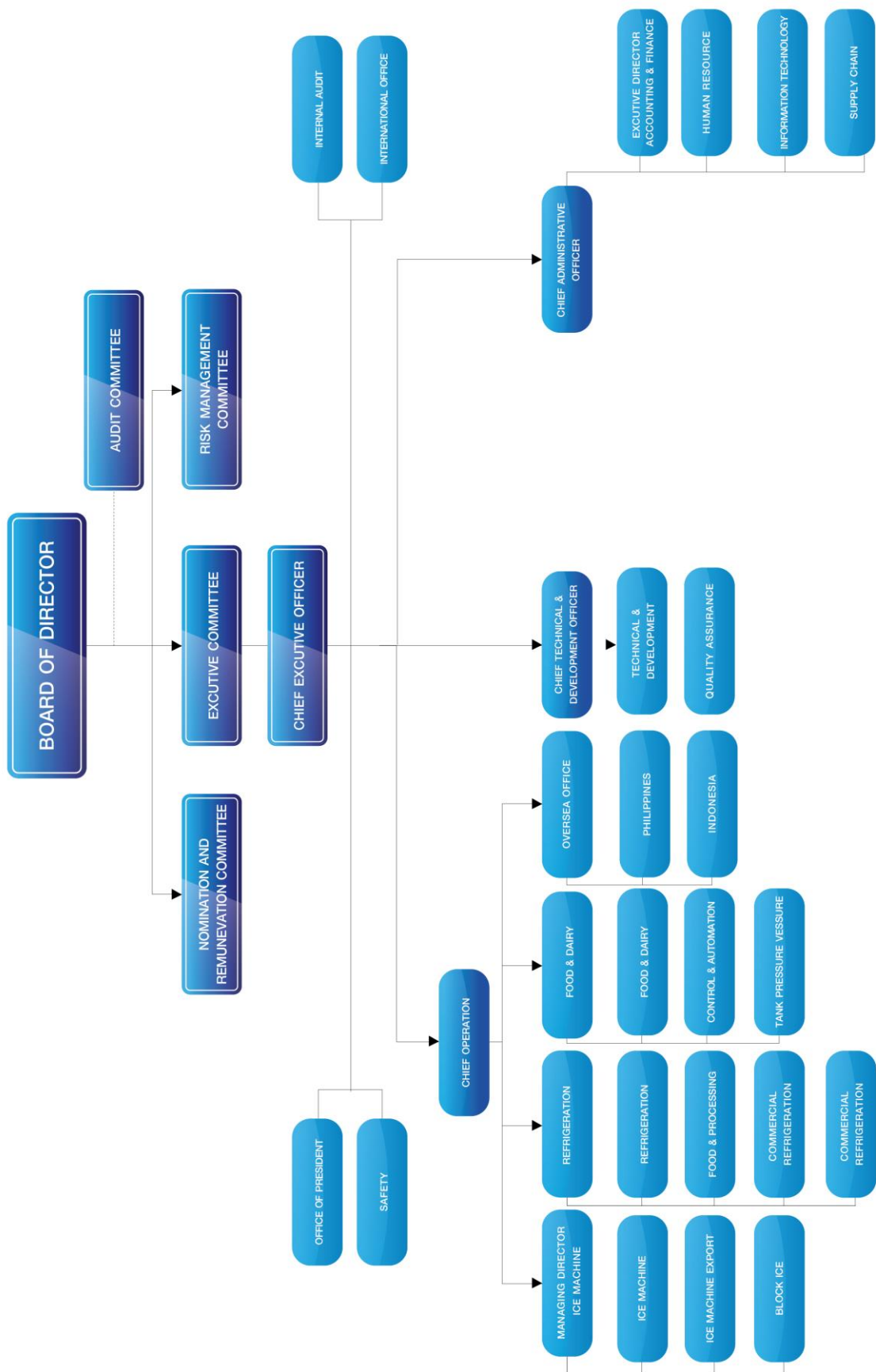


**Ms. Wannaporn
Trinvisutthikul**

Executive Director of Accounting
and Finance



Organization Chart



Major changes and developments over the last 3 year

2014

Expand in domestic

By opening two branches, Southern branch of Surat Thani province and the northern branch of Lamphun province to support the expansion in Thailand.

Expand overseas business

By opening representative offices abroad including Vietnam and Malaysia to support the expansion in the ASEAN region.

Expand business by set up a new subsidiary (Heat Away Co., Ltd.)

With a registered capital of 10 million baht (the Company shareholding 99%) for sale Evaporative Condenser

2015

Increase investment in subsidiary company

In Patkol Trading Co., Ltd., a subsidiary company (the Company shareholding 99%) by increasing its registered capital from 3 million baht to 30 million baht for accommodate additional expansion.

Expand overseas business

The Board of Director's Meeting No. 4/2015 held on 11 August 2015 resolved to approved the establishment of a subsidiary in the Philippines and Indonesia for support the expansion in the ASEAN.

2016

The progress of set up the new subsidiary company

Philippines

Name of Patkol Philippines Corporation Co., Ltd., registered company of 23.5 million PHP (the Company shareholding 60%) for sales representative, including the installation and the machinery maintenance job

Indonesia

Name of PT. Indonesia Patkol Service Co., Ltd., registered capital of 5.5 million RP (the Company shareholding 99%) for provide a machinery and maintenance service.

Expand overseas business

The Board of Director's Meeting No. 2/2016 held on 13 May 2016 resolved to approved the establishment of a subsidiary in the Malaysia to support the expansion in the ASEAN.

Goals in the Business Operations:

Our company has given priority to the service by setting up regional and Foreign Service centers by adhering to quality with service by our team of experts. The guidelines on the operations are based on the foundation of creating goods full of quality with the complete and speedy service. We can make our products and engineering work to be acceptable in more than 50 countries around the world.

Policies of Our Company Business:

1) We have determination to develop the products and the manufacture of refrigeration machines and those used in processing and producing various types of food in response to the demand of the target groups in accordance with the pledge to the customers. It has presented the friendly service and created satisfactory to the customers to make our company can make a more profit from sales and to create the highest reward to our shareholders.

2) We have determination to respond to the demands of our customers by providing the integrated services covering from giving advice, design and engineering work up to the construction and installation to provide convenience to our customers and to receive the maximum benefits.

3) We have a policy on the investment by the affiliates and the subsidiaries by giving priority to the business that it has skills and stay close to our business line. It has invested in terms of the direct major shareholder or via the affiliates by holding shares in the ratio of more than 80 percent and/or has the control power in the invested companies. Except the condition of the business or competition do not support or the operations have to receive support and cooperation from other business participants, it can invest in terms of a joint venture.

4) We have a policy of developing personnel with continuity both in the profession and service, so our personnel shall have the knowledge and specialization in the ice maker industry and the manufacture of machinery for refrigeration and food processing and production of the various types.

5) We have given priority on creating new innovations and development of technology to maintain business leadership, including giving importance to the information technology. It focuses on the working system to be streamline and preparation of the information to be ready for the expedient and correct decision.

6) We have a policy of developing the working system to comply with the international standards all the time, with in 2016 it was certified for the standards of ISO 14001 and BS OHSAS 18001 from TUV NORD.

7) We have a policy of doing business under the principle of good governance by considering the benefit of the society and the environment in parallel with profitability for sustainable growth and development.

8) It gives priority on conservation of the environment and reward to the society, including development of life quality of the humanity to have better livelihood.

9) It has a policy of promoting to build the value for the stakeholders by setting the policy on taking care of the stakeholders, including the measures on compensating by the company has categorized the stakeholders into seven groups are employees, customers, shareholders, trade partners (including the consultants and contractors), creditors, governmental agencies and the communities surrounding the factory.

Nature of Business

PATKOL Public Company Limited was established in 1965 under the registered name “Patanakolkarn Company Limited” and was renamed “PATKOL Company Limited” in 1992.

In 1991, the Company expanded its business by opening a new factory in Ladkrabang- King Kawe Road and open the second factory is a subsidiary under the name “Patkol Manufacturing Company Limited” located in Petchaburi province with work space total more than 30,000 square meters.

The Company was registered as a public company listed on the Stock Exchange of Thailand (SET) and transformed into a public company limited on 28 June 1993 is the symbol “PK”.

PATKOL is renowned for being an excellent engineering company specializing in providing quality refrigerating and food processing machines, varying in ice-making machine, refrigerated room, freezing system for liquid products such as pasteurized and UHT dairy, energy drink, beer, fruit juice, and drinking water. The company is also keen on inventing high-quality machines and equipment used in pharmaceutical, chemical, and food processing plants while developing freezing machine, grading machine for fish, shrimp, and fruit, and crate washing machine used in supermarkets. The company has always remained firm and consistent in offering the highest satisfaction to customers of all classes, emphasizing on a comprehensive range of customer-focused services varying in design, engineering, construction, and installation, with various patent-certified products currently available in the market.

The company has been recognized as the Thailand's first tube ice maker achieved by Thai pioneers and is also honoured as the top ice making leader in the major global markets, guaranteed by a massive number of international customers in Asia, the Middle East, Africa, the United States, Australia and Europe.



Business Group No.1 : Ice Making Machine

There are 4 types



- **Tube Ice Machines**
- **Scale Ice Machines**
- **Block Ice**
- **Ice Packing Machine and Ice Storage Room**

Tube Ice Machines: The company manufactures ice machines with capacity ranging from 5 - 120 tons per day. Target clients can be divided into the following two groups:

- Machines with capacity of 5 - 10 tons per day are suitable for medium enterprises such as hotels, resorts, restaurants, clubhouses, sports clubs, golf clubs and small food factories.
- Machines with capacity of 10 - 120 tons per day are suitable for commercial ice making businesses and the food processing industry which requires crushed ice in food processes for maintaining food ingredient freshness

Scale Ice Machines: The company designs and builds scale ice machines with capacity ranging from 2.5 - 5 tons per day: Target clients are food processing plants such as chicken meat processing, tuna canning and integrated shrimp processing plants. Scale ice is also used in fish freezing and in the fishing industry.

Block Ice: The company designs and builds custom block ice plants to meet customer needs with capacity ranging from 100 - 2,400 blocks per day and standard block sizes of 25, 50, 135, 150 and 165 kilograms per block. Block ice is mainly used in the fishing industry to maintain the freshness of foods or raw materials before processing and production. Another popular use is for consumption (in crushed form).

Ice Packing Machine and Ice Storage Room: Ice packing machines come in semi-automatic and hand-free automatic systems. Package sizes are 1.5 - 5 kg and 10 - 25 kg or as needed by clients. The system is a form - fill - seal packing system. For ice storage rooms, there are small standard sizes that are either portable or large rooms that are constructed to meet customer needs.

Sales characteristics and distribution channels: The company sells its products through salespersons, agents, the internet, tradeshow and existing customers. The company also expands its market to domestic clients and exports its products to foreign countries in Asia, the Middle East, Africa, America, Australia and Europe.

Competition: Although there are a number of domestic tube ice machine manufacturers, the company has the advantage over its rivals in terms of high quality and standards. The company's ice making machines are manufactured in compliance with ASME (American Society of Mechanical Engineer) standards, which are the standards for product design based on mechanical engineering principles and met by only a few manufacturers. Therefore, Patkol's tube ice machines are accepted both domestically and internationally. The company also has a team of engineers and technicians who are expert in design control as well as domestic and international installation from ice machine manufacturing, cooling machine and systems, water filtering equipment procurement, ice packing machines, conveyor systems and ice storage rooms. The products are designed so they can produce clean ice that is suitable for consumption in compliance with the Ministry of Public Health Notification on Good Manufacturing Practice (GMP). The company's products come with a one-year warranty. The company gives importance to fast, one-stop services. Thus, we have established regional and foreign service centers to provide post-sale services such as repairs, maintenance and preventive maintenance programs.

At present, the company's sales for tube ice machines are the highest in Asia, especially in Malaysia. Markets have been expanded to the Middle East, South Africa, America and Australia.



Tube Ice Machine
World No.1



Customers group: Our domestic and foreign clients include small and large ice producers for consumption, the fishing industry, hotels, resorts, large retail stores, food processing plants and concrete mixing plants.

Industry situation: The world's average global temperature rises and hot seasons are growing longer annually. Consequently, there are more areas with demands for ice consumption and usage. This creates opportunities for existing entrepreneurs to increase production capacity and expand business to new countries.

Business Group No. 2 : Refrigeration



There are 5 types

- **Cold Room for Large and Small Industries**
- **Cold Water and Frozen Food System**
- **Heat Radiation System**
- **Refrigerators for Supermarkets**
- **Plate Ice Machines**

Cold Room for Large and Small Industries: The company designs, manufactures and installs industrial refrigeration room systems for the food industry. Clients for the refrigeration industry include entrepreneurs engaged in food processing, ready-made foods, seafood, meat, fruits and vegetables, the fishing industry and refrigeration room service providers for storing frozen foods such as chicken, seafood, fruits and vegetables.

The company's affiliate, S Panel Co., Ltd., sells cold room walling. It also designs, manufactures and installs commercial cold rooms for storing ice, instant foods, meats and seafood for small producers, shops and stores and restaurants.

Cold Water and Frozen Food System: are composed of the following products involved in frozen foods.

- Frost-free ripple plate chillers, water cooling systems to reduce food temperature with capacity for reducing food temperature to 0.5 degrees Celsius.
- Individual Quick Freezers (IQF) - Continual freezing systems following the process of product preparation.
- Air Blast Freezers - batch freezing systems. Products are loaded into a freezing container so they can be frozen.
- Spare parts related to refrigeration systems such as ripple plates, valves and insulation for cold rooms. Parts for machine assembly are mainly manufactured by Patkol Manufacturing Co., Ltd., one of the company's affiliates.

Heat Radiation System: The company is a leader in the manufacture of evaporative condensers made of stainless steel. These products are popularly used in the refrigeration industry because of their durability. In 1990, the company began producing stainless steel evaporative condensers before any manufacturers in the world.

Refrigerators for Supermarkets: The company offers one-stop services in refrigerators for supermarkets and hypermarkets. Clients include leading supermarkets and hypermarkets in Bangkok and other provinces.



Refrigeration

Your solution in refrigeration

We are the leading manufacturer and contractor of refrigeration components and systems. Our extensive range of high quality, reliable refrigeration products, which feature excellent designs and incorporate professional installation, commissioning and related services, can be supplied to virtually any industrial or commercial refrigeration plant.



Plate Ice Machines: This product is for making plate ice for the food processing industry with capacity ranging from 2.5-80 tons per day that uses ice for maintaining product freshness and requires clean ice with minimal contaminants in ice transport. Plate ice also needs to meet Good Manufacturing Practice (GMP) standards. Furthermore, there is limited space for machinery and the ice size needs to be suitable for the food industry.

Sales characteristics and distribution channels: The company sells its products through salespersons, the internet, tradeshow, and existing customers. The company also expands its market to domestic clients and exports its products to foreign countries.

The company has also founded Heat Away Co., Ltd. to conduct marketing activities and sell evaporative condensers to achieve timely responses to customer needs.

Competition: Investments in plants using small and medium refrigeration systems using HFCs refrigerants are increasing. Patkol has expanded its market to domestic small and medium clients and to the ASEAN. In the future, the company intends to distribute its products on the global market.

The company has been able to retain its market share with its advantage of having modern machineries designed to save energy, offering integrated services and expanding the business to foreign countries. Our customer groups are as follows:

Customers group:

- Persons conducting business involving domestic food processing, exporting or selling, ready-made food, ready-to-eat foods, sea foods, meats such as pork, chicken, duck, fruits, vegetables and the fish industry.
- Persons providing cold room services for storing frozen foods such as chicken, sea food and fruits and vegetables.
- Persons conducting business involving fresh milk, dairy products, carbonated beverages, ice cream, green tea and other beverages.
- Restaurant entrepreneurs.
- Persons engaged in the business of distribution centers for fresh and frozen foods.
- Hypermarkets and supermarkets.
- Persons who have refrigerators for storing fresh foods, beverages, dairy products, fruits and vegetables, or persons who have frozen food refrigerators.
- Persons engaged in the businesses of small and medium sized commercial cold rooms.
- Persons conducting non-food business requiring refrigeration in the production process.

Industry situation: The expansion of CLMV nations and the opening of AEC results in positive trends for fresh food and processed food industry, because Thailand is the center for product transport, causing cold room business and product distribution centers to expand with high rates, in small, medium and large sizes, to various areas.

Exporters are waiting to observe the growth trends in Europe, Japan and the USA which are Thailand's main export markets. The trends for recovery in these markets are gradual.

Restaurants, wholesalers and retailers are waiting to observe the trends for domestic economic growth. The greatly expanding tourism industry will help raise domestic consumption. Furthermore, sales promotion will help stimulates short-term consumption. Recovery trends are gradual.

The foreign customer base is constantly growing due to the fact that the company is the source for raw materials. This growth is also due to low labour costs, expanding purchasing power in markets such as Vietnam, the Philippines and Indonesia. There are also existing Thai customers who are increasing their investments in foreign countries and new customers in those countries.



Business Group No. 3 : Refrigeration



There are 4 types

- **Systems and Machines for the Dairy and Beverage Industries**
- **Systems and Machines for the Seasoning Production Industries**
- **Systems and Machines for the Cosmetic and Pharmaceutical Industries**
- **Systems and Machines for the Paint and Chemical Industries**

Systems and Machines for the Dairy and Beverage Industries: The company is commissioned for the design and production of machinery, installation mixing, sterilizing and packaging systems for the dairy and beverage industries, including alcoholic and non-alcoholic beverages. The company uses automated systems and controlled measurement systems to control every piece of machinery and equipment for maximum efficiency in the production line in terms of energy and time conservation. The company also does troubleshooting for food production processes such as pasteurizing dairy products, UHT milk, fruit juice, bottled water, energy beverages, beer and other beverages. Furthermore, the company procures spare parts and equipment for machinery in the system by designing products and selecting equipment meeting international standards on good manufacturing practice (GMP) and standards compliant with the Ministry of Public Health Notification on Production Methods, Instruments, Tools and Storage, which are required to ensure that the food production process is hygienic.

Systems and Machines for the Seasoning Production Industries: The company is commissioned for the design and production of machinery along with installing systems for seasoning production factories such as sauces, soy sauces, fish sauces, soybean paste and various types of dips. The company is able to design and produce suitable systems and machinery for each step of the production process to meet customer needs with accuracy based on customers' desired production capacity from the construction of systems. The objective is to clean and convert raw material status, systems for preparing mixtures, fermentation, filtering and disinfection along with packaging including tanks and equipment in the system. The stainless steel tanks used in this industry must have hygienic designs with smooth internal surfaces different from stainless steel tanks used in other activities. The company designs products and selects equipment and systems in compliance with international standards for hygiene. The equipment and systems designed by the company are easy to clean and have no areas that cannot be washed by the CIP system (Cleaning In Place or cleaning without removing equipment parts).

Systems and Machines for the Cosmetic and Pharmaceutical Industries: The company has the capacity to design, produce and install machinery for the pharmaceutical and cosmetic industries such as skin care creams, shampoo and pharmaceutical supplies. The equipment and machines used in this industry must be designed to meet specific standards and criteria for pharmaceutical factories. The company creates

accurate systems for controlling mixing and measurements in addition to continually building automated control systems. These automated systems help solve problems and difficulties in the production process. The core of automated system designs is the step for producing goods with maximum production quality and standards including safety. Therefore, Patkol places importance on systems for controlling, monitoring, reporting and analyzing results.



Systems and Machines for the Paint and Chemical Industries: The company accepts to design, produce and install pressure vessels, storage tanks, heat exchangers (Shell and Tube), stacks, piping and installation work in the area of chemicals, paint and petrochemicals. The company designs according to mechanical engineering principles of ASME standards (American Society of Mechanical Engineers) for equipment strength and safety.

Sales characteristics and distribution channels:

- Existing customers who have purchased goods in other sections from the company.
- Direct sales to various projects after passing inspection by the project engineer and the procurement system.
- Sales via a main contractor.
- Tradeshow and exhibitions.
- Recondition or Modify.

Competition: The company is able to meet customer needs in the industry in every aspect with one-stop-services from consultation to planning, machine design and installation site design, production processes, machinery in the production processes and operations. Patkol is the first and only Thai company providing consultation, design services and automated system installations for production line suitability equivalent to foreign companies. Due to a number of factors such as continually upward trends in employee wages to reduce human work errors, the automated control system is an excellent option for managing problems with ease for adjustment to increase future production capacity. This is a significant advantage for the company.

Moreover, the company has an advantage over competitors in the area of experience in making production tanks meeting food factory standards. In addition, the company has Patkol Manufacturing, which has standardized production and quality control including engineering designs with certified ability to produce pressure tanks certified by U-STAMP in compliance with ASME standards (American Society of Mechanical Engineers). This has resulted in customer confidence in the company's high pressure tank quality. The costs for the aforementioned operations to meet higher standards have resulted in a loss of advantage over trade

rivals concerning price. In the meantime, the company has advantages over competitors in the areas of ability to design and accept work for entire systems, including automated systems. This has enabled customers to manage systems more easily and conveniently.

Customers group:

- Dairy factories and yogurt factories
- Ice cream factories
- Alcoholic and non-alcoholic beverage factories such as beer, wine, drinking water, green tea, soft drink, fruit juice, energy beverages and extracted soup
- Entrepreneurs in the seasoning industry such as sauces, soy sauce
- Sugar factory (syrup products)
- Cosmetics industry and pharmaceutical industry
- Paint and chemical industry
- Petrochemical industry.

Industry situation: Due to the overall environment in last year, product exports were affected by global economic and export stagnation. Consequently, most customers have postponed investments and decisions. Nevertheless, the Thai economy gradually improved in the last year as a result of expansions in spending. Furthermore, high tourism growth continues to support economic expansion. Private sector consumption and investment are likely to recover with changing consumer trends in various beverages. Furthermore, in response to the different needs of consumers at different ages including healthcare beverages, customers have invested more in machinery in this sector of the market.

The company's main customers are composed of large and medium finished dairy businesses with production capacity expansion and production process modification into automated systems. For beverages, only major customers have continual growth. Furthermore, the heightened stringency of current regulations on production plant standards concerning hygiene has created opportunities for the company. With its knowledge and expertise in this industry, the company can help customers in plant development and modification. This has enabled the company to maintain sales figures.



Business Group No. 4 : Food Processing Engineering



There are 4 types

- **Primary Machines for the Frozen Food Industries**
- **Canned Food Industries Machines with the Following Main Machines**
- **Basket Washers**
- **Conveyor Belt Systems**

Primary Machines for the Frozen Food Industries:

- Individual Quick Freezers (IQF) are rapid freezing systems for storing and preserving foods, meat, vegetables and fruit. Three models are available.
- Cabinet Freezers with production capacity ranging from 100 – 300 kilograms/hour. Cabinet Freezers are appropriate for small entrepreneurs.
- Tunnel Freezers with production capacity ranging from 500 – 1,000 kilograms/hour. Tunnel Freezers are appropriate systems for medium entrepreneurs.
- Spiral Freezers with production capacity ranging from 1,000 – 3,000 kilograms/hour. Spiral Freezers are appropriate for medium and large entrepreneurs or entrepreneurs with problems due to low production space.

Canned Food Industries Machines with the Following Main Machines:

- Retorts used to disinfect the inside of food cans with temperatures as high as 115 degrees – 147 degrees, which were produced according to US standards.
- Pre-canning cookers. This disinfection process uses temperatures lower than 100 degrees.

Basket Washers: The company has developed basket washers to meet needs for cleaning baskets used to transport frozen food products to build user confidence in our washing standards due to the fact that every basket is equally clean. This has enabled the company to sell washers among all large retail businesses with distribution centers.

Conveyor Belt Systems: The company has installed systems and procured spare parts and equipment for the food processing industry such as seafood, chicken meat, vegetables, fruits and canned foods such as tuna, sardines, vegetables and fish by designing production lines in the form of continuous conveyor belts with grader machines, boiling machines, scalding machines, washing machines, disinfecting machines, blending machines and tanks for flavoring liquids.

Most machine parts are produced by Patkol Manufacturing Co., Ltd., a subsidiary of the company.



Food Process Engineering

World leader of food Processing

PATKOL is a veteran designer and operator of turnkey projects for construction of canned tuna and shrimp processing plant, having gained both local and international recognition in the field for over two decades. Our customers trust that we provide not only the machine but the whole system.

 Compact Freezer	 Spiral Freezer	 Tunnel Freezer
 Retort	Food Processing Machineries	 Tray Washer
 Roller Grader	 Cabinet Freezer	 Packing System

Sales characteristics and distribution channels:

Domestic

- Sales of main products with sales engineers overseeing specific products based on clear sale goals for each product.
- Increased sales channels from continually increasing service work stemming from the company's past product sales.
- Continual hosting at tradeshow and exhibitions with sales via advertisement media. This has given the company satisfactory results in the past while maintaining media consistency in every area.

Overseas

- Continual hosting at tradeshow and exhibitions with sales via advertisement media. This has given the company satisfactory results in the past while maintaining media consistency in every area.
- Emphasis only on sales in countries with production expansion trends and raw materials in the country.
- Use of sales channels from existing customers with whom the company has worked in the past.
- Creation of trading partners by considering trading partners with capacity for growth and ability to adapt to the company's business.

Competition: The company designs products to meet customer needs by using professional food processing engineering criteria in concurrence with international standards for the production of foods with hygienic design. Consideration is given to production effectiveness, labour reduction and energy conservation used in the production line. This is one of the company's strong points and great advantages that cause customers to opt for using the services of Patkol over the competition.

Customers group:

- Business group of Dairy Factories and Frozen Meat Processors
- Business group of Frozen Seafood Producers
- Business group of Canned Tuna and Frozen Ready-To-Eat Food Processors
- Business group of Bakeries
- Business group of Larger Retailers with Distribution Center
- Business group Rice Packers
- Business group Sugar Packers



Industry situation: The Present Business group of the frozen meat processors are developing frozen goods for large-scale retail sales. They are also delivering raw meat materials to restaurants. Furthermore, the lifestyles of working people in the new generation require more frozen ready-to-eat foods. Thus, the number of large-scale entrepreneurs is increasing. This presents an opportunity for food preservation machinery. Although the domestic market was rather stagnant during the past year, the company was able to find alternative markets by exerting its efforts toward the expansion of foreign markets in the Asian region. These markets are in the Philippines, Indonesia and Malaysia. Also included are businesses involving food processing machinery which are part of the four requisites, so the impact is not very significant.

Business Group No. 5 : Services, Parts and Other Business



- The service business group provides post-sale parts procurement, repair and maintenance for machinery under warranty with the company and machinery for which the warranty has expired, including preventive maintenance service programs.

Product and service characteristics: This group is mainly engaged in service provision for the procurement of parts, repairs and maintenance. It also overhauls machinery to support the work of other business units in the company, e.g. tube ice machines, block ice pools, all sizes of machinery in the cooling machine industry, equipment in all types of cooling systems in plants involved in the food processing, milk and beverage industries, including preventive maintenance programs or annual service contracts for ice plants, large-scale wholesale and retail groups such as Big C Supercenters and Ek-Chai Distribution System.

Sales characteristics and distribution channels:

- Most of the company's customers are existing customers who buy from the company in the company's other business groups.
- Direct sales with other project (Preventive Maintenance Program)
- Distribution channels
- Recondition or modify

Competition: The company's competitors with the same standards in services, repairs and maintenance are compressor distributors. The company's advantage is our focus on post sale services for customers who buy our products. At the same time, the company is also ready to provide general customer services due to our advantage of extensive experience and high degree of ability. In addition, the company continues to propose preventive maintenance systems and machinery before damages occur. As a result, damages are minimal and product quality is maintained. The company goes to repair and maintain machinery for customers beginning with delivery. And when a product's warranty from the company has expired, customers make contracts for continued service provision.

Customers group:

- Former customers of the Company's business
- New business line of ice machine and refrigeration business of other companies

Industry situation: The ice machine and cooling system industries have been in business for a long time with continual growth every year. As a result, repair and maintenance services based on equipment usage life and use are in demand. Furthermore, compressors always need to be replaced, while the needs of customers include speed and promptness. Therefore, the company places importance in providing services by opening regional and overseas service centers.

Amount of Registered Capital and Paid-up Capital

As of 31 December 2016 the Company has registered capital of 600,243,737 Baht, paid-up capital of 494,095,237 Baht divided into 414,607,781 common shares and 79,487,456 preferred shares with a par value of 1 Baht.

Rights of Preferred Shares

- Preference shares amount of 100 shares are entitled to one vote.
- To the preferred share had right to receive dividends from the resolution of the shareholders meeting to approved from results of the business operation of the year before the common share. In return, the rate is equal to a 12-month fixed deposit of Bangkok Bank Public Company Limited + 2 per annum, but not more than 4% per annum of the conversion price of the debt to preferred shares. When dividends are paid, dividends are not paid to preferred share. The remaining dividends (if any) are to be distributed to common share.
- Preferred share cannot convert their shares into common shares.
- In the event of dissolution of the company for any reason preferred share are refunded before common share.

Major of Shareholders

The Company's 10 major shareholders as at 10 March 2017 (latest book-closing date)

No.	Shareholders Name	Amount of Shares	%
1.	Dr. Piya Chongvatana ¹	84,567,108	17.11
2.	Mr. Sangchai Chotchuangchutchaval ²	49,841,303	10.09
3.	Bangkok Bank Public Company Limited	49,307,800	9.98
4.	Mr. Paradorn Chulajata ³	48,575,975	9.83
5.	Ms. Ratchanee Chongvatana	45,970,942	9.30
6.	Ms. Nongluck Sakdakrai	27,285,080	5.52

No.	Shareholders Name	Amount of Share	%
7.	Mr. Vithit Phongphilodom	15,250,000	3.09
8.	Bangkok First Investment & Trust Public Company Limited	11,400,000	2.31
9.	SCB Thai Equity Fund	6,629,143	1.34
10.	Emerson (Thailand) Company Limited	6,103,738	1.24
11.	Other Shareholders	149,164,148	30.19
Total		494,095,237	100.00

¹ Chongvatana Group's Shareholding Structure

(1)	Dr. Piya	Chongvatana	10.342%	(51,100,000 share)
(2)	Ms. Noppavan	Chongvatana	2.565%	(12,674,151 share)
(3)	Mr. Panet	Chongvatana	3.849%	(19,018,586 share)
(4)	Ms. Thitikan	Chongvatana	0.359%	(1,774,371 share)

² Chotchuangchutchaval Group's Shareholding Structure

(1)	Mr. Sangchai	Chotchuangchutchaval	9.277%	(45,841,303 share)
(2)	Ms. Chanthipha	Chotchuangchutchaval	0.809%	(4,000,000 share)

³ Chulajata Group's Shareholding Structure

(1)	Mr. Paradorn	Chulajata	0.004%	(20,000 share)
(2)	Ms. Vipha	Chulajata	9.758%	(48,216,475 share)
(3)	Mr. Danai	Chulajata	0.036%	(180,000 share)
(4)	Mr. Kornnop	Chulajata	0.019%	(94,000 share)
(5)	Mr. Jamorn	Chulajata	0.013%	(65,500 share)

Issuance of other securities

The Company issued warrants ("PK-W") under the rehabilitation plan of the Central Bankruptcy Court on 30 March 2011 to a creditor of a financial institution its supporting new credit lines for the company as a creditor (Debt-to-equity conversion) as follows:

Warrant ("PK-W")

The date of issuance of warrants	21 September 2011
Type	Warrants (Securities not listed on the SET)
Amount	106,148,500 unit
Age	10 year
Exercise Date	Every 1 st of March, June, September and December
First Exercise Date	1 December 2011
Last Exercise Date	1 August 2011
Exercise Ratio	1 Unit of Warrant : 1 new common share
Exercise Price	0.01 Baht : Unit
Remaining Warrant	106,148,500 Unit

Dividend Payment Policy

"The Company has a Dividend Payment Policy to pay no more than 70% of net profit after income tax deduction on the company's Separate Financial Statement. Unless there is a need or justifiable reason not to pay dividends."

In case of subsidiaries, the company does not fix the Dividend Payment Policy.

Dividend history of the Company for the past 3 years from 2014 to 2016

Operations result year	2016**	2015*	2014*
Net Profit (Million Baht)	84.22	112.13	229.55
Earnings Per Share (Baht)	0.20	0.27	0.56
Dividend Per Share			
• Common Share (Baht)	0.08	-	-
• Preferred Share (Baht)	0.03375	-	-
Dividend payout ratio (%)	32.52%	-	-

Note : * In 2014-2015, the Company abstention from the distribution of dividends from the company because the Company needs cash flow for expansion and reserve in operation.

**However, the entitlement to receive the dividend is uncertain because it has yet to be approved by 2017 AGM.

The Company's Management Structure comprises the Board of Directors and 4 committees to support and assist the Board of Directors the 4 committee as follows; (1) Executive Committee (2) Audit Committee (3) Nomination and Remuneration Committee and (4) Risk Management Committee

Board of Directors

According to the company's article of association there must be at least 5 directors and no less than half of the total number of directors must reside in the country.

As at 31 December 2016, the Board of Directors There are a total of 12 directors who are highly qualified in the areas of skills, knowledge and experience that are beneficial to the operation.

(1) 8 executive directors

(2) 4 non-executive directors, consisting of:

Four independent directors account for one-third of the total number of directors.

In the year 2016, the Board of Directors held 4 meetings with pre-arranged meeting schedules.

List of Board of Directors And attendance of directors Summarized as follows

Name	Position	Board of Directors Meeting	
		No. of times Meeting	No. of times attendance
1. Assoc. Prof. Dr. Somchob Chaiyavej	Chairman of the Board (Independent Director)	4	3
2. Dr. Piya Chongvatana	Vice Chairman of the Board	4	4
3. Mr. Sangchai Chotchuangchutchaval	Director, Executive Committee Member and Chief Executive Officer	4	4
4. Mr. Suchart Suksumitr	Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee (Independent Director)	4	3

Name	Position	Board of Directors Meeting	
		No. of times Meeting	No. of times attendance
5. Mr. Veerachai Srikajorn	Audit Committee Member and Chairman of the Risk Management Committee (Independent Director)	4	3
6. Mr. Preecha Chantrangkul	Audit Committee Member (Independent Director)	4	4
7. Mr. Paradorn Chulajata	Director, Audit Committee Advisor, Risk Management Committee Member and Nomination and Remuneration Committee Member	4	4
8. Ms. Nongluck Sakdakrai	Director and Nomination and Remuneration Committee Member	4	4
9. Ms. Anongsiri Chaiyakul	Director	4	4
10. Mr. Sumet Jiambutr	Director	4	4
11. Mr. Rangsan Thammaneeewong	Director, Executive Committee Member and Risk Management Committee Member	4	4
12. Mr. Panet Chongvatana	Director, Executive Committee Member and Risk Management Committee Member	4	4

Authorized Directors

“Dr. Piya Chongvatana, Mr. Sangchai Chotchuangchutchaval, Mr. Panet Chongvatana 2 of 3 Director have been authorized to sign and stamp with the company’s seal or Dr. Piya Chongvatana, Mr. Sangchai Chotchuangchutchaval, Mr. Panet Chongvatana 1 of 3 Director have been authorized to sign with Ms. Anongsiri Chaiyakul, Mr. Paradorn Chulajata, Mr. Sumet Jiambutr that combine 2 Director of sign and stamp with the company’s seal.

The Authorities and Duties of the Board of Directors

The Board of Directors is primarily responsible to the shareholders regarding the Company's business operations. And have the roles and responsibilities to supervise the work of the management in accordance with the objectives and the company's article of association, compliance with law and shareholders' resolutions, as well as careful care of the interests of all parties concerned equally under the duty of honesty, prudence and prudence, taking into account the maximum benefit of the Company and fairness to all shareholders.

The scope of authority of the Board of Directors is as follows:

- 1) Provide the business of the company to comply with the legal, objectives and the company's article of association, including resolutions of the shareholders' meeting, with honesty and be careful to maintain the interests of the company.
- 2) Responsible to shareholders on a regular basis and operate by maintaining the maximum benefit of the shareholders, and also disclosed the information's to investors accurately, fully, standard and transparent.
- 3) Determine and amend the list of authorized directors of the Company.
- 4) Appoint subcommittees to help monitor and control the management of the company in matters of essence.
- 5) The Board of Directors has assigned the Chief Executive Officer to be responsible for the Company's business and assign the management to reports on the performance of the Board of Directors at every meeting.
- 6) The Board of Directors may delegate power to one or more persons to perform any act, to replace the Board as the Board deems appropriate, and within the time the Board deems appropriate The Board may revoke the revocation change or modify that power.
- 7) Prepare annual report and responsible for the preparation and disclosure of financial statements to reflect the financial position and the results of the past year to propose to the shareholders meeting.
- 8) Meet at least 3 months for decision of the Board of Directors' meeting is the majority vote. Any director who has a vested interest in any matter shall not have the right to vote on that matter and the Annual General Meeting of Shareholders within 4 months from the end of the fiscal year.
- 9) To set up a succession plan for the top management. To be prepared in case of top management cannot work.
- 10) Provide appropriate channels for communication with each group of shareholders and evaluate the disclosure to ensure accuracy, clarity, transparency and reliability.
- 11) Leadership and role model in good performance consistent with good corporate governance and the corporate social responsibility approach.
- 12) Encourage the company operates to combat all types of corruption and corruption to maximize the Company's business and stakeholders.
- 13) Provide a Code of Conduct for Directors, Executives and Employees.

In case of any matter that any director or person may have a conflict according to the Securities and Exchange Commission (SEC) and / or the Stock Exchange of Thailand There is a part of the conflict or a conflict of interest. No authority to authorize such action for the benefit of the company and overall shareholders are important.

Sub-committees

The Company's has 4 committees to support and assist the Board of Directors the 4 committee as follows; (1) Executive Committee (2) Audit Committee (3) Nomination and Remuneration Committee and (4) Risk Management Committee

● Executive Committee

Qualifications and Requirements of Executive Committee

- 1) Members of the Executive Committee shall be appointed by the Board of Directors, with the consideration of the appropriate number of members. The Executive Committee shall possibly consist of the Board of Directors, executives of the company, and/or members of any third party.
- 2) The Executive Committee shall compulsorily consist of the minimum requirement of 3 members.
- 3) The Board of Directors shall be required to appoint members of the Executive Committee, where one of the entire members shall be a member of the Board of Directors to hold the position of Chairman of the Executive Committee.
- 4) Members of the Executive Committee shall possess desirable knowledge and experience required for the roles and responsibilities while being able to devote great effort in implementing required tasks. All members are also expected to refrain from any illegal actions required by law.

As of 31 December 2016, the Executive Committee of the Company was composed of 4 members. In the previous year, there were 13 meetings. And attendance Summarized as follows;

Name	Position	Attendance the Meeting (times)
1. Dr. Piya Chongvatana	Chairman of the Executive Committee	13/13
2. Mr. Sangchai Chotchuangchutchaval	Executive Committee Member	13/13
3. Mr. Rangsan Thammanee Wong	Executive Committee Member	13/13
4. Mr. Panet Chongvatana	Executive Committee Member	13/13

Scope of Authority of the Executive Committee

- 1) Determine policies, strategies, and goals on the implementation plan for annual budgeting and other management authorization to be proposed to the company's Board of Directors for approval.
- 2) Supervise and monitor the company's business operations consistent to the policies, strategies, and goals on the implementation plan for annual budgeting approved by the Board of Directors efficiently and appropriately for the nature of business while being able to provide required management suggestions for high-ranking executives.

- 3) Consider the approval of financial budgets for business investments, prepare financial transaction with financial institutions to facilitate the request for loan, mortgage, and guarantee as well as trading and land ownership registration to ensure that all transactions are made under the limited amount of financial budget approved by the company.
- 4) Determine effective organizational structure and management covering training, employment, and unemployment of employees, where Chairman of the Executive Committee shall be authorized to grant an approval in the employment contract.
- 5) Supervise and monitor the company's business operations and shall appoint or assign a person or party to act on behalf of the Executive Committee as appropriate while the Executive Committee shall be authorized to cancel or alter such authorization.
 - 5.1) To consider and approve the sale amount of 100-300 million baht.
 - 5.2) To consider and approve property transactions, include investment worth from 10-30 million baht
 - 5.3) To consider and discussion a problem in delivering the work to the customer. The total value of the project is over 50 million baht and cannot deliver more than 180 days.
 - 5.4) To consider and find solutions to litigation process.
 - If the company become plaintiff or defendant in a civil case with a capital of more than 10 million baht.
 - If the company become plaintiff or defendant in all criminal cases.
 - 5.5) To consider acceptance of fines and / or return the product all project more than 10 million baht.

And may appoint or assign to any person or many of them acted on behalf of the Executive Committee as it deems appropriate. And the Executive Committee has authorized to cancel, change or modify.
- 6) To consider assess all business tasks to be proposed to the Board of Directors unless the tasks shall remain under the authorization of any other sub-committee who shall propose the tasks directly to the Board of Directors.
- 7) Perform other duties as assigned by the Board of Directors.

Tenure and Vacancy

- 1) Members of the Executive Committee deemed as members of the company's Board of Directors shall remain effective in the position for a 3-year term. When the term is due, the Board of Directors shall be allowed to re-appoint the same members to return to the position plausibly and appropriately.
- 2) Members of the Executive Committee deemed as members of the company's Board of Directors shall remain effective in the position of executive management, except as otherwise determined by the Board of Directors.
- 3) Members of the Executive Committee deemed as members of the third party shall remain effective in the position in accordance with the resolution of the company's Board of Directors and shall be altered as appropriate.

Apart from the aforementioned provisions, members of the Executive Committee shall be withdrawn from the position due to the following causes.

- 1) Death
- 2) Resignation
- 3) Disqualification of directorial properties, possession of any illegal action under the law on public company limited, or lack of proper qualifications required for the company's corporate management, where shareholders are selected in accordance with the requirements cited in Article 89/3 of the Securities and Exchange Act (No. 4) B.E. 2551 (2008).
- 4) The Board of Directors has resolved for retirement.

Any member of the Executive Committee who intends to resign from the position shall be required to submit a resignation letter to the President of the Board of Directors. In case that the position is vacant due to any reason other than the normal expiration of tenure, the Board of Directors shall appoint a new qualified person who possesses no illegal manner required by law to substitute the vacant position. In case that the remaining period of effective tenure is less than 2 months, the Board of Directors shall be allowed to determine not to appoint any person to substitute the vacant position as the substituted member shall remain effective in the position for the remaining period of effective term only.

- **Audit Committee**

- Definition**

- Audit Committee**

Audit Committee means the person appointed by the Board of Directors or shareholders of the Company to be the Audit Committee. The Audit Committee members must be independent directors, not being a director assigned by the Board of Directors to make decisions on the operations of the Company, its parent company, subsidiaries, affiliated companies, subsidiaries, or a potentially conflicting entity, and not the director of the parent company, subsidiaries and subsidiaries of the same order. It also has the same qualifications and functions as those set forth in the Securities and Exchange Commission and regulations of the Stock Exchange of Thailand on the qualifications and scope of work of the Audit Committee. They must have sufficient knowledge and experience to be able to review the reliability of the financial statements, including other duties as a member of the Audit Committee.

As at 31 December 2016, the Audit Committee held 3 meetings. In the past year, there were 5 meetings. The list of the Audit Committee and attendance Summarized as follows

Name	Position	Attendance the Meeting (time)
1. Mr. Suchart Suksumitr	Chairman of the Audit Committee	5/5
2. Mr. Veerachai Srikajorn	Audit Committee Member	4/5
3. Mr. Preecha Chantrangkul	Audit Committee Member	5/5

In addition, the Board of Directors has appointed Mr. Paradorn Chulajata to be the Audit Committee Consultant.

Qualifications and Requirements of Audit Committee

- Same the qualifications of the Company's independent directors.

Scope of Authority and Duties of the Audit Committee

- 1) Review the Company financial reporting in accordance with the accounting standards prescribed by law is accurate and adequate.
- 2) Review the Company an appropriate and effective internal control and internal audit system are in place, and the adequacy of the risk management process.
- 3) Review the Company to comply with the Securities and Exchange Act and SET regulations, and the law related to the business of the company.
- 4) To consider connected transactions or transactions that may lead to conflicts of interests in accordance with the laws and regulations of the SET.
- 5) Review and consider with the management regarding major defects detected and management response.
- 6) Have the power to investigate and investigate related parties within the scope of authority of the Audit Committee, and have the power to hire or bring specialized experts to help investigate and investigate by following the rules from the company.
- 7) To prepare a corporate governance report of the Audit Committee to be disclosed in the Company's annual report. The report must be signed by the Chairman of the Audit Committee.
- 8) To consider, select and nominate an independent person to be the Company's auditor and propose the compensation of such person. Also, attend meetings with the auditors without the management at least once a year.

- 9) Consider the scope of audit and audit plan of the auditor. And the internal audit section is related and complementary and reduces redundancy in respect of financial audits.
- 10) Approve charter, budget audit plan, training plan, and the power of the internal audit.
- 11) Consider, appoint, transfer and evaluate the annual performance of the head of internal audit. Also consider the independence of the internal audit.
- 12) Review the effectiveness and effectiveness of information technology systems related to internal control and risk management.
- 13) In performing duties of the Audit Committee. If there are any inquiries or doubts, there are transactions or actions that may have a material impact on the Company's financial position and performance.
 - (1) Transaction that causes a conflict of interest.
 - (2) Fraud or irregularity or defect in the internal control system;
 - (3) Violation of the Securities and Exchange Act, SET regulations or laws relating to the business of the Company.

The Audit Committee reports to the Board of Directors. To implement the amendment within the period of time the Audit Committee deems appropriate. If the board of directors or the management fails to do so, it should rectify it within a reasonable time. A member of the Audit Committee may report any such transaction or action to the SEC and / or the SET.

- 14) To perform any other act as assigned by the Board of Directors with the approval of the Audit Committee.

Tenure and Vacancy

1. The Audit Committee has a term of office of 3 years, including the appointment, removal and removal from the Audit Committee.
2. Audit Committee members who vacated office by rotation May be re-appointed as the Board deems appropriate.
3. The Audit Committee vacates office upon
 - (1) The expiration of the term
 - (2) Die
 - (3) Resignation
 - (4) The Board of Directors has resolved to vacate office.
 - (5) Not being qualified as an audit committee in accordance with the charter of the audit committee or the rules and regulations of the Capital Market Supervisory Board; The SET And various regulators set up.

4. If you wish to resign before the end of the term should report to the Board of Directors 1 month in advance with the reasons for the Board of Directors to consider the appointment of other qualified persons to replace.
5. When a member of the Audit Committee retires or retires the Audit Committee cannot stay until the term. As a result, the number of audit committee members is less than 3 persons. The Board of Directors will immediately appoint the new audit committee or delayed within 3 months from the date the number of directors is incomplete. To ensure continuity in the work of the Audit Committee and the person who becomes a member of the audit committee will be in the position only for the remaining term of the member of the audit committee.

● **Nomination and Remuneration Committee**

Qualifications and Requirements of Nomination and Remuneration Committee

- 1) The Nomination and Remuneration Committee consists of at least 3 members of the Board of Directors and at least 1 Nomination and Remuneration Committee must be independent directors.
- 2) Can devote sufficient time to the work of the Nominating and Remuneration Committee.
- 3) Independent directors who are the Chairman of the Nomination and Remuneration Committee. Qualifications of independent directors must be fully fulfilled in accordance with the Notification of the Capital Market Supervisory Board.

As of 31 December 2016, the Nomination and Remuneration Committee had 3 members. In the past year, there were 1 meeting. The Nomination and Remuneration Committee and attendance Summarized as follows

Name	Position	Attendance the Meeting (times)
1. Mr. Suchart Suksumitr	Chairman of the Nomination and Remuneration Committee	1/1
2. Mr. Paradorn Chulajata	Nomination and Remuneration Committee Member	1/1
3. Ms. Nongluck Sakdakrai	Nomination and Remuneration Committee Member	1/1

Scope of Authority and Duties of the Nomination and Remuneration Committee

1. Select a qualified candidate who deserves to be nominated as a new director or Chief Executive Officer.

2. Determine procedures and standards for nominating members of the Board of Directors or Chief Executive Officer with transparency and fairness.
3. Nominate and appoint a person deemed appropriate for the nomination of the Board of Directors and Chief Executive Officer to be proposed to the meetings of the Board of Directors and shareholders accordingly.
4. Consider guidelines for remuneration offered to the sub-committee.
5. Determine procedures and standards for offering remuneration to members of the Nomination and Remuneration Consideration Committee and the sub-committee fairly and reasonably to be proposed to the meetings of the Board of Directors and shareholders accordingly.
6. Perform other tasks as assigned, particularly those related to the nomination and remuneration to be offered to the Board of Directors and Chief Executive Officer.

Tenure and Vacancy

1. The Nomination and Remuneration Consideration Committee shall remain effective in the tenure for 3 financial years and shall be re-appointed to return to the position plausibly and appropriately.
2. When a member of the Nomination and Remuneration Consideration Committee is dismissed from the position or shall not be able to remain effective throughout the tenure, the Board of Directors shall appoint a new member to substitute a vacant position within a period of 3 months following the date of position vacancy. The newly appointed member shall remain effective in the position for the remaining period of effective tenure only.
3. The discharge of the Nomination and Remuneration Consideration Committee shall be considered from the termination of normal tenure and
 - 1) Death
 - 2) Resignation
 - 3) Disqualification of directorial properties, possession of any action or lack of proper qualifications required for the company's Director.

● **Risk Management Committee**

Qualifications and Requirements of Risk Management Committee

1. The Risk Management Committee consists of at least 3 members of the Risk Management Committee and at least 1 Risk Management Committee must be an independent director.
2. Can devote sufficient time to the work of the Risk Management Committee.
3. Independent Director who chaired the Risk Management Committee. Qualifications of independent directors must be fully fulfilled in accordance with the Notification of the Capital Market Supervisory Board.

As at 31 December 2016, the Risk Management Committee was composed of 4 members. In the previous year, there were 4 meetings. The Risk Management Committee and attendance summarized as follows;

Name	Position	Attendance the Meeting (times)
1. Mr. Veerachai Srikajorn	Chairman of the Risk Management Committee	4/4
2. Mr. Paradorn Chulajata	Risk Management Committee Member	4/4
3. Mr. Rangsak Thammaneeuwong	Risk Management Committee Member	4/4
4. Mr. Panet Chongvatana	Risk Management Committee Member	4/4

Scope of Authority and Duties of the Risk Management Committee

- 1) Determine effective policies for integrated risk management framework covering major risks on the company's core business implementation specified below.
 - Strategic Risks
 - Market Risk
 - Financial Risks
 - Operational Risks
- 2) Develop a set of efficient risk management plans and procedures for the organization as a whole.
- 3) Promote follow-up and assessment actions to keep pace with the risk management policies applied for the entire organization.
- 4) Provide productive advices on the implementation of risk management.
- 5) Submit a report on possible risks and risk management procedures to the Board of Directors as required.
- 6) Perform other required tasks as assigned.

Tenure and Vacancy

- 1) The Risk Management Committee shall remain effective in the tenure for 3 financial years and shall be re-appoint to return to the position plausibly and appropriately.
- 2) If the position of the Risk Management Committee is vacant for any reason other than the expiration of the term as specified in Clause 1, such termination shall be the termination of the Board of Directors or resignation or removal. The Board of Directors shall appoint a qualified person to be the Risk Management Committee so that the Risk Management Committee has the number as prescribed by the Board of Directors. The person who becomes a member of the Risk Management Committee shall be in the position only for the remaining term of the Risk Management Committee member.

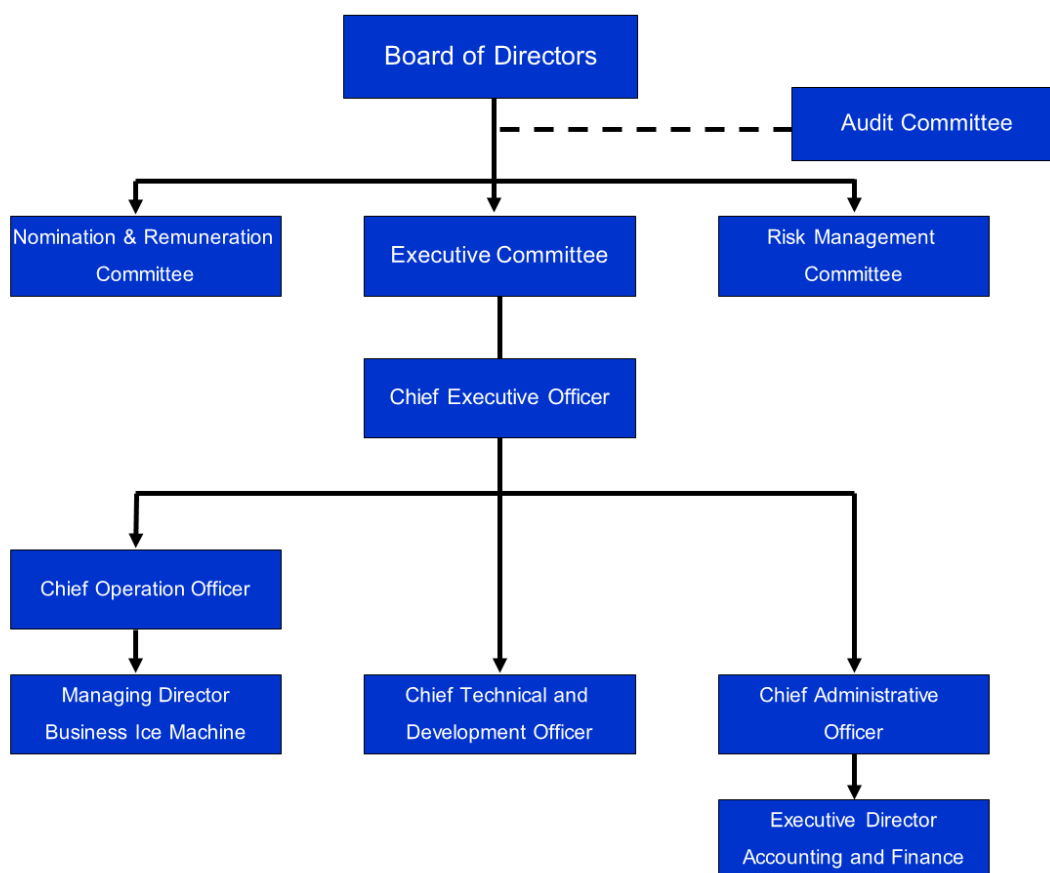
Management Team

At present, the management team consists of

- | | | |
|------------------|----------------------|--|
| 1. Mr. Sangchai | Chotchuangchutchaval | Chief Executive Officer and
Chief Operation Officer |
| 2. Mr. Mongkol | Maduethong | Managing Director Business Ice Machine |
| 3. Mr. Panet | Chongvatana | Chief Administrative Officer |
| 4. Mr. Adisak | Poolsri | Chief Technical and Development Officer |
| 5. Ms. Wannaporn | Trinvisutthikul | Executive Director Accounting and Finance |

Note: Management as defined by the SEC mean the first four executive management positions following the Chief Executive Officer, include those who are equivalent to the fourth level and includes those who hold executive positions in accounting or finance.

Internal management structure (As defined by the SEC).



Scope of Authority and Duties of Chief Executive Officer

- 1) Define business plan, investment plan and annual budget plan to propose to the Executive Committee and / or Board of directors.
- 2) Overall management responsibility and consider various management policies of the company to achieve the company's goals under the policy framework, business plans and budget plans approved by the Board of Directors.
- 3) Approve the implementation or approve spending money for various actions according to the authority of approval of the company or according to annual budget approved by the Board of Directors.
- 4) Recruiting, hiring, transferring, suspending and dismissing executives and employees in all positions; Including the scope of authority and reasonable return for equivalent positions from senior director upwards, report to the Board of Directors for acknowledgment, equivalent level positions are managed by the Internal Audit Department, with the opinion of the Audit Committee.
- 5) Appoint the authorized signer in various documents the company's accounting, finance, procurement, production, sales and general administration, including other important documents.
- 6) Modify, amend and abolish rules, orders, announcements, regulations, penalties, and internal controls for serve as a guideline for all employees and to ensure that the management within the organization is in accordance with the company policy.
- 7) Appointment of consultants, necessary to operate for the benefit of the company and includes the authority to appoint a lawyer to prosecute or enter into litigation involving the company.
- 8) Assign to other persons to perform or act on their behalf as deemed appropriate and it can be revoked, revoked, changed or modified.
- 9) Performance reports the progress of the projects and as well as financial status to the Executive Committee and Board of Directors.
- 10) Perform other actions according to the Executive Committee or the Board of Directors.

In the case of any action taken by the Chief Executive Officer or who may have conflicts Have any interest or conflict of interest. The Chief Executive Officer has no authority to authorize any such action.

Company Secretary

The Board of Directors has resolved to appoint Mr. Poonyavee Chaiyarungsakul, Manager of Office of the President, Company Secretary from 11 August 2016 onwards, such person is knowledgeable, and have practical experience in performing duties. They have been trained in necessary and relevant courses in the company secretarial duties and provide legal advice and rules and to oversee the affairs of the Board of Directors to coordinate and follow up the implementation of resolutions of the Board of Directors.

Scope of Authority and Duties of Company Secretary

- 1) To perform the meeting of the Board of Directors and subcommittees including the shareholders meeting to comply with the Company's article of association and the laws.
- 2) Supervise the company and the Board of Directors has a consistent implementation and in accordance with the law, regulations and the Company's article of association as well as resolutions of the Board of Directors, shareholders and good corporate governance as well as policies and code of conduct.
- 3) Supporting the provision of knowledge and training for directors / executives and related to the duties of directors and specific directors.
- 4) Provide training / orientation and provide necessary information for the current and re-appointed members.
- 5) Advise on regulatory requirements to the Board of Directors and management.
- 6) Provide an assessment of the performance of the Board of Directors.
- 7) Prepare and keep the important documents of the company as follows.
 - (A) Register of Directors.
 - (B) Invitation letter of the Board of Directors' Meeting, Minutes and Annual Reports.
 - (C) Invitation letter of Shareholders Meeting and Minutes.
 - (D) Keeping a report of interest reported by a director or management.
- 8) Perform other actions assigned by the Board of Directors and comply with the regulations announced by the Capital Market Supervisory Board.

Remuneration for Directors and Managements

The directors' remuneration for the year 2016 as follows:-

1) Remuneration of the Board of Directors

	<u>Monthly remuneration</u>	<u>Meeting attendance</u>
- Chairman	78,750 baht	10,000 baht
- director	34,650 baht	10,000 baht

2) Remuneration of the Board of Directors Sub committees

	<u>Monthly remuneration</u>	<u>Meeting attendance</u>
- Audit Committee	23,100 baht	-none-
- Executive Committee	-none-	-none-
- Nomination and Remuneration Committee	-none-	-none-
- Risk Management Committee	-none-	-none-

Remuneration for Directors of Directors for the year 2016

Name	Remuneration for the Board (Baht)		Attendance the Meeting (Baht)					Total (Baht)
	Remuneration for the Board (Baht)	Remuneration for the Audit Committee (Baht)	Board	Audit Committee	Executive Committee	Nomination & Remuneration Committee	Risk Management Committee	
1. Assoc. Prof. Dr. Somchob Chaiyavej	945,000	-	30,000	-	-	-	-	975,000
2. Dr. Piya Chongvatana	415,800	-	40,000	-	-	-	-	455,800
3. Mr. Sangchai Chotchuangchutaval	415,800	-	40,000	-	-	-	-	455,800
4. Mr. Suchart Suksumitr	415,800	277,200	30,000	-	-	-	-	723,000
5. Mr. Veerachai Srikajorn	415,800	277,200	30,000	-	-	-	-	723,000

Name	Remuneration for the Board (Baht)		Attendance the Meeting (Baht)					Total (Baht)
	Remuneration for the Board (Baht)	Remuneration for the Audit Committee (Baht)	Board	Audit Committee	Executive Committee	Nomination & Remuneration Committee	Risk Management Committee	
6. Mr. Preecha Chantrangkul	415,800	277,200	40,000	-	-	-	-	733,000
7. Mr. Paradorn Chulajata	415,800	277,200	40,000	-	-	-	-	733,000
8. Ms. Nongluck Sakdakrai	415,800	-	40,000	-	-	-	-	455,800
9. Ms. Anongsiri Chaiyakul	415,800	-	40,000	-	-	-	-	455,800
10. Mr. Sumet Jiambutr	415,800	-	40,000	-	-	-	-	455,800
11. Mr. Rangsan Thammaneeewong	415,800	-	40,000	-	-	-	-	455,800
12. Mr. Panet Chongvatana	415,800	-	40,000	-	-	-	-	455,800
Total								<u>7,077,600</u>

Details of holding securities of the Company's directors

The shareholders who are the directors of the Company consist of:

No.	Name	Amount (share)	%
1	Dr. Piya Chongvatana	51,100,000	10.342
2	Mr. Sangchai Chotchuangchutchaval	45,841,303	9.277
3	Ms. Nongluck Sakdakrai	27,285,080	5.522
4	Mr. Panet Chongvatana	19,018,586	3.849
5	Mr. Paradorn Chulajata	20,000	0.004

Management Remuneration

Total remuneration of the Company's management and the company groups of companies in 2016 in the amount of 53.09 Million Baht.

Employees

Employee benefits

The totalling amount benefit of employees of the Company and the company groups as of 31 December 2016 in the amount of 697,193,282.30 Baht with 1,490 employees as detailed below:

Type of Benefit	Total (Baht)
Wages / Salary	603,123,710.78
Incentive	67,793,045.31
Provident fund	13,183,732.43
Social security fund	13,092,793.79

Employee Development Policies

The Company has strategically issued regulatory policies to encourage its executive and operational employees at all levels to advance their working knowledge and skills, aiming to ensure technical expertise required for each particular task while prompting quality people for effective management and leadership. In addition, the company has always recognized the importance of quality, environment, and occupational health and safety, with the expectation to promote the company's employees of quality and professionalism who are eager to keep pace with organizational progress.

To achieve the aforementioned ideas, we have determined to promote our employee development policies covering the following aspects.

1. Provide effective plans and budgets for corporate training programs and career-oriented activities in the short and long runs to support the company's continuing growth.
2. Foster development training programs and behaviour-focused activities to promote the significance of the "Friendly Engineering" working concept conforming to the corporate cultures in various fields.
3. Encourage executive and operational employees at all levels to have greater involvement in creating organizational development, with the effectiveness of mutual evaluation, proposal, and implementation through the "Syner Team" and "Program Alert Project" activities.

4. Conduct a survey on employee engagement and a group interview on other related corporate affairs to generate organizational development in various fields aiming to maximize the level of engagement among the employees.

5. Develop effective communication channels appropriate for employees of different ages and occupations to ensure the effectiveness and precision of organizational communication as a whole.

6. Provide tests of expertise and capacity standards for employees responsible for specialized tasks such as technicians, computer programmers, engineers, or accountants to maintain quality and professionalism of works at all times.

7. Arrange a management trainee program to prompt new graduates, who kick start their career with PATKOL, for further experiences and qualifications required by the company.

8. Organize the talent management project to seek employees with greatly outstanding performances in the short and long runs to support further expansion and continuing growth of the organization.

9. Promote the leadership development project to empower the management team with greater knowledge and skills required by the company.

10. Prepare a job profile for each working position to serve as guidelines for human resources development to ensure an opportunity to grow in the career path.

11. Develop effective performance management and reward presentation procedures to be connected to the development of employees' potential with regard to their working positions while linking the performance management to the targeted goals at corporate, departmental, and individual levels.

12. Provide sufficient training programs and knowledgeable activities to create greater awareness on quality, environment, and occupational health and safety via several communication channels provided by the company efficiently and appropriately.

13. Support executive and operational employees at all levels to participate in knowledge-sharing sessions to unveil personal experiences and exchange business insights via the knowledge management program.

14. Collaborate with public and private educational institutions to promote the development of knowledge and skills of their students to be prepared for the expected career goals after graduation, making PATKOL an organization that provides a productive internship program and research support for freshly graduated students who will be guided and supported by highly experienced and professional corporate teams.



Supervision and operations of the affiliates and subsidiaries

The directors of the company have the power in the control, supervision, management and responsibility for the operations of the affiliates, which our company has supervision over the affiliates and the subsidiaries to have a policy and operation plans to be consistent. They also support the policy and the main plans of the company, which invests and prioritizes the business that it has skills and in the business that is similar to its business. Thus, for the supervision and management shall be efficient, the management shall supervise by sending the management team to join in setting the policy, budget, market and production plans closely. So that they can share information and use the existing resources of the company to be beneficial and complementary to the overall business better later.

Supervision on the use of internal information

The company has the system of internal control that is rules and procedures in all systems, including having the internal audit, which audits the performance to make sure that the operations shall be effective regularly in all systems throughout the year. It has the independence and consistency with the international standards reporting directly to the CEO and the audit committee according to the emphasis on preventive policy. It includes there is an update of the internal audit and a review on the guidelines and the methods on the use of the internal information constantly to prevent the important and accumulated data from being lost and/or the inside/outside persons from using the data personally. In the case an employee or the management reveals the important information or used it personally or acted that may cause a conflict of interest, the employee or the management shall be punishable according to the rules of the company.

Prevention of internal information

The board of directors has designated measures to prevent from using the inside information by the relevant persons, which means its board directors, senior management and the employees at the relevant units (including the spouse and underage offspring of such the people) as follows:

Measures on prevention from using the inside information

- 1) *It is prohibited the relevant persons from trading in the securities of Patkol (PK) within 30 days before there is disclosure of the quarterly and annual financial statements within 24 hours after the blackout period.*
- 2) *In the case of learning of any information that is not yet revealed, which may have an impact on the securities price of the company, they shall not trade on the securities of the company until passing 24 hours from the disclosure of such the information to the public entirely. It includes prohibiting the management or agencies from receiving the inside information to be revealed to the outsiders or unauthorized persons or from utilizing the inside information illegally.*

- 3) *In the case the board and the management, which means to include their spouse and underage offspring, when there is a change in the number of shareholding shall notify the change on the holding with the SEC and the SET pursuant to Section 59 of the Security Exchange Act 1990, within three days from the trading, transferring or transferred date.*
- 4) *The company has designated its directors and senior management (from the E15 level and up as well as the director of accounting and finance) to notify the trade on securities of the company to the board each quarter, including revealing it in the annual report.*

Audit Fee

1) Audit fee for the year 2016

The Audit Committee has selected the Company's auditors based on the Company's independent appraisal standards, namely: And the auditor is qualified according to the announcement of the Stock Exchange of Thailand. The Board of Directors has selected Karin Audit Company Limited.

The details of the certified auditors are as follows:

- | | | | |
|----|--------------|----------------|-------------------------|
| 1) | Mr. Jadesada | Hungsapruerk | CPA License No. 3759 or |
| 2) | Mr. Jirote | Sirirorote | CPA License No. 5113 or |
| 3) | Ms. Kannika | Wipanurat | CPA License No. 7305 or |
| 4) | Ms. Nonglak | Pattanabandith | CPA License No. 4713 |

One of the auditors shall have the authority to auditing and to give opinion on the financial statement of the Company. The proposed of auditing fees for financial statement quarterly review are in the amount of 780,000 Baht and the fees for financial statement for the year 2016 are in the amount of 620,000 Baht. The total fees for financial statement for the year 2016 are in the amount of 1,400,000 Baht.

2) Non-Audit fee

-none-

Corporate Governance Policy

The Board of Directors has the intention adhere to the supervision of Patkol Public Company Limited under the principle of good corporate governance with integrity, transparency and accountability. It focuses on building maximum benefit to the shareholders and considering the practice on the overall stakeholders with equity. As a result, the company can increase the ability on competition and economic value to the shareholders in the long term as well. So it has designated the policy on good corporate governance better for the Board of Directors, the management and the employees to adhere to as a policy and practice as follows:

The policy of good corporate governance of the company has been approved by the Board of Director and set up the manual on the policy and guidelines on good corporate governance as follows:

1. The Board of Director, the management and all the employees have determined to apply the main principle in the good corporate governance in the six aspects as the principle in the practice are:

- 1.1) It has accountability for its decision-making.
- 1.2) It takes responsibility for the duty performance with the existing capability and sufficient efficiency.
- 1.3) It has transparency that can be verified.
- 1.4) It has fairness and equity for the stakeholders.
- 1.5) It has a vision to create long-term value.
- 1.6) It has virtue, ethics and code of conduct in the business operations.

2. The Board of Director, the management and all of its employees determined to apply the important principles on the good governance of the Stock Exchange of Thailand (SET) as guidelines on the practice in five chapters are:

2.1) Rights of the shareholders.

Considering the right of the shareholders and giving the right to the shareholders in the various matters as well as encouraging the shareholders to exercise their right, including not doing anything to violate or derogate the right of the shareholders.

2.2) Equitable treatment

Treatment of the shareholders is for both as the shareholders who are the management and the non-management, including the foreign shareholders and the minor shareholders by being treated with equity and fairness.

2.3) Stakeholders

Treatment of the stakeholders is by considering their right of each group in accordance with the law or the agreement with the company, including not doing anything in violation or derogation of their right.

2.4) Transparency

Disclosure of the important information to the shareholders, the investors, the stakeholders, the supervising agency involved with the company both the financial information and the non-financial information correctly, completely, sufficiently, reliably and equally and within the specified time through the easily access channel.

2.5) Responsibilities of the board

Performing the duty and responsibility of the board of directors for the shareholders by the board of directors has the leadership situation, vision, independence and decision-making for optimum benefit of the company and the overall shareholders. It has separated the role and responsibility between the directors and the management clearly as well as the care on the management under the framework of the law and the business ethics.

3. The Board of Director, the management and all of the employees determined to apply the practice on the principle of good corporate governance of the company, business ethics and code of conduct of the directors, the management and the employees as guidelines in the operation.

4. The Board of Director has the responsibility in taking care of reporting on finance and disclosure of the information with correctness and sufficiency according to the good guidelines and relevant criteria.

5. The Board of Director encourages participation and designation of the channel that can communication with the shareholders, the investors, the supervision agency, the stakeholders, including giving general information to the interested persons.

6. The Board of Director provided an operation for the managerial structure of the company by designating the duty and responsibility of each board of directors and the management clearly.

7. The Board of Director shall provide the system of risk management and the internal audit to be at the suitable and efficient level, including the accounting system and a report on finance with accuracy and reliability.

Chapter 1 Rights of Shareholders

The Board of Director supervises the organization of the shareholders meeting in accordance with the law, bylaws and relevant regulations strictly, with support and provides convenience to the shareholders of every group, including the institution investors in attending the shareholder meeting. Moreover, the board also has set up a policy on taking care of the right of the shareholders for protection, promotion, support and no derogation of the right of all the shareholder groups as follows.

1. Meetings of the Shareholders

Annual general meeting (AGM) of the shareholders: The Board of Director has designated the AGM once a year by no more than four months following the date of ending the financial year of the company. However, if there is necessity/emergency to present a special agenda, which affects or involves with the interests of the shareholders or related to the condition or guidelines on the applicability, it shall require prior approval from the shareholders.

Propagation of the information to supplement the shareholders meetings: The company shall disseminate the information to complement the agenda of the shareholder meeting in advance by about one month before the meeting date in the website of the shareholders at www.patkol.com. Moreover, it shall explain the right of the shareholders in the attendance of the meeting and the right to vote by the shareholders as well.

Providing convenience on the exercise of the right to the shareholders and the institution investors: The company shall provide convenience to the shareholders and the institution investors to exercise the right by organizing the meeting venue of the shareholders that is convenient for the travel, with opening an opportunity for the shareholders and the institution investors to send a question related to the meeting agenda to the Board of Director a minimum of 90 days before the meeting date via the website of the company or email of the company secretary poonyavee.ch@patkol.com or by fax number 02-328-1245. It shall notify via the news system of the SET with dissemination of the letter of invitation to the AGM of the shareholders.

Proxy: In the case the shareholders cannot attend the meeting by themselves, The Board of Director shall prepare a proxy statement in the form that is easy to fill the information that the shareholders can select the directors by themselves or use an alternative by presenting the name of the independent director or other people in giving the proxy by using a proxy statement that the company has sent with a meeting appointment. Moreover, the shareholders can download the proxy statement via the website of the company by another way as well. As for the shareholders who are institution investors or foreign investors and have appointed a custodian in Thailand shall be the depositor and caretaker of the company shares to coordinate on the document and evidence to show before attending the meeting in advance to register on the meeting date with convenience and speedier.

2. Implementation on the shareholder's meeting date

- 2.1 The Board of Director encourages to apply the technology with the AGM on registering the shareholders on counting the scores and show the results, so that the meeting can be conducted expediently, correctly and accurately with voting by the show of hands for more accuracy.
- 2.2 The company shall encourage all the directors to attend the shareholder meeting, which the shareholders can inquire the chairman of the committees in the relevant matters.
- 2.3 In the shareholder meeting, it shall provide voting separately for each item. In case that item contains multiple names, e.g. the item on the appointment of individual directors, etc.
- 2.4 The Board of Director shall encourage on an independent counting person or inspector of the voting scores in the AGM and the extraordinary general meeting (EGM) and disclose to the meeting for acknowledgement with recording in the meeting report.

- 2.5 The Board of Director shall encourage using the ballots in the important items, e.g. making the related items, making an item of acquisition or disposal of assets, etc. for transparency and accountability, in the case there is an argument later on.
- 2.6 The chairman of the meeting shall allocate the appropriate time and encourage the shareholders to have a chance to express their opinions and ask a question in the meeting on the relevant matter with the company.
- 2.7 The company has prepared a VDO on the meeting of the shareholders throughout the meeting time, so the shareholders who have a question can follow up on the meeting of the shareholders.

3. Preparation of the minutes of the meetings and disclosure of the resolutions of the meeting to the shareholders.

- 3.1 The minutes of the meeting of the shareholders shall record the explanations of the procedure on voting and the method of showing the scores to the meeting for acknowledgement before conducting the meeting, including open an opportunity for the shareholders to set an issue or inquiry. Moreover, it shall record the questions and answers as well as the results on voting in each item if the shareholders agree or disagree or abstain from voting. It includes the recording of the names of the attending directors and the directors taking leave.
- 3.2 As for convenience of the shareholders to provide registration by using the bar code system to show the registration number of each shareholder on the proxy statement, so the procedure on the registration shall be speedy.
- 3.3 Exercising the right to vote on each item by using the method of collecting the ballots of the voting shareholders who disagreed and abstained. At the end of the meeting, the shareholders can request for verification.
- 3.4 The company shall disclose to the public on the results of voting of each item in the AGM and the EGM in the next working day on its website.
- 3.5 The company has prepared the minutes of the meeting within 14 days from the date of conducting the AGM, which has been submitted to the SET and the Ministry of Commerce within the specified time.

Chapter 2 Equitable Treatment of Shareholders

The Board of Directors considers the treatment of the shareholders with equity, so it has set up the following policies:-

Policy in the equitable treatment of shareholders

- *The Board of Directors has a duty to respect the right of the shareholders and the equitable treatment, regardless of being the major or minor or foreign shareholders. Meanwhile, the only types of the shares that can vote with equality consisted of 1 common share per vote and 100 preferred share per vote. Moreover, the Board of Directors also has a duty to promote and encourage the shareholders to exercise the right on the various matters on the AGM and provide convenience to the shareholders on the various matters as well.*

1. Giving information before the shareholders meeting

- 1.1 The Board of Director shall take care of the company to notify the schedule on the shareholder meeting with the agenda and its opinions to the SET and disseminate it via the website of the company about one month before the appointment date of the shareholder meeting.
- 1.2 The Board of Director shall take care of the company to notify the shareholders for acknowledgement of the various guidelines used in the meeting, procedure on voting, including the right to vote in accordance with each type of the shares.
- 1.3 The Board of Director shall supervise the company to prepare a letter of invitation to the shareholders in the complete English and Thai languages.

2. Protection of the right of the minor shareholders

- 2.1 The Board of Director shall provide convenience to the minor shareholders by setting up guidelines on the method of giving the right to the shareholders to present the subject to fill the agenda of the AGM in advance before the meeting date a minimum of 90 days via its website or email of the company secretary at poonyavee.ch@patkol.com or the fax number -02-328-1245 through the news system of the SET.
- 2.2 The Board of Director shall provide convenience to the minor shareholders by setting up the guidelines on the method of giving the right to present the name of the persons to be considered in the election as directors in the AGM in advance before the meeting date a minimum of 90 days in advance. It is made through the website or the email of the company secretary at poonyavee.ch@patkol.com or the fax number -02-328-1245 through the news system of the SET.
- 2.3 The company has no policy to increase the agenda that has not been notified in advance without necessity, especially the important item that the shareholders have to spend time to study the information before making the decision.
- 2.4 The Board of Director opens an opportunity for the shareholders to exercise the right to appoint the directors on an individual basis.

3. The Directors' Conflict of interest

The company has realized the importance on management related to a conflict of interest of the relevant person carefully, fairly and transparently, which means the board of directors, the management and the employees. The board of directors has set up a policy and guidelines on the conflict of interest as follows:

Policy and practice on conflict of interest

- 1) *It designates the directors and the senior management (from the E15 level and up and the accounting and finance director) shall report on the conflict of interest related to the management of the company or its affiliate when holding the title of directorship or the senior management for the first time and report each time when there is a change of information on the conflict of interest, including reporting annually. However, the secretary of the company shall send a copy of the report on the conflict of interest to the chairman of the board and the chairman of audit for acknowledgement within 7 days from the date of receiving the report to comply with the Securities and Exchange Act 1982, and to use such the information in the examination and the prevention of a conflict of interest.*
- 2) *There is a disclosure of the structure on shareholding of the affiliates, subsidiaries , joint venture and other companies clearly, including the authorized shareholders to make sure that the company has the shareholding structure that is clear, transparent and no cross holding with the major shareholders to cause a conflict of interest to either party.*
- 3) *In a board meeting, if a director has a conflict of interest on the matter under consideration, that director shall not participate in making such the decision. They cannot attend the meeting or have to omit voting so the decision of the board shall be fair or for the true benefit of the shareholders.*

Chapter 3 Roles of Stakeholders

The Board of Director has realized of the right of stakeholders and shall take care of it to make sure that such the right both specified by the law or by a joint agreement shall be protected and implemented strictly included suitable compensation suitably, if the interest of stakeholder's interests is violated.

1. Policy and Guidelines on Taking Care of the Vested Interests

The company has newly designated the stakeholders interests to become a policy and measures to take care of them, which are classified into seven groups as follows:

- 1) Employees
- 2) Customers
- 3) Shareholders
- 4) Trade partners (included the consultants and subcontractors)
- 5) Creditors
- 6) Governmental agencies
- 7) Communities around the factory.

The Board of Directors has set up a policy and guidelines on the care of the stakeholders interests as follows:

1) Employees

Policies on taking care of the employees

- 1) *The company gives compensation to its employees by holding on to the principle of consideration with fairness and can measure the result, e.g. monthly income, income from overtime, commissions, annual bonus, provident fund, savings cooperative, life insurance and health insurance, etc.*
- 2) *The company intends to promote and develop its personnel to have knowledge and skills continuously, i.e. to have training and seminar of the management and the employees at all levels for the whole year, etc.*
- 3) *The company has treated all of its employees with equity, e.g. assessment of the employees, keeping the secret of the working experience and the exercise of their various rights, etc.*
- 4) *The company considers the right of the employees as priority and opens an opportunity for its employees to file a complaint in the case they are not treated fairly through the various channels, e.g. the complaint box, the Human Resources Department (HR), etc.*
- 5) *The company has a duty to take care of the working environment to have safety, hygiene and suitable for working with effectiveness, e.g. the company manages to have implementation on the Five Practices (1. Clearing up, 2. Organizing, 3. Clearing, 4. Standardizing and 5. Training & Discipline). It has set up the safety unit to control and take care of the occupational health and safety health, etc.*

2) Customers

Policies on taking care of the customers

- 1) *The company has a duty to build up long-term relations and cooperation with the customers by adhering to the integrity, sincerity with the customers, trust and reliability to each other.*
- 2) *The company has a duty to create maximum satisfaction for its customers by taking responsibility, attention, goods sales and service with friendliness and priority to the problems and demands of the customers. The management and all of its employees shall comply with the following measures:*
 - *Adhering to the presentation and delivery of the product that meet the standards and qualities corresponded to the demand of the customers.*
 - *Adhering to the various conditions made with the customers utmost.*

- Offering the trade prices and conditions to the customers in the same group with equity.
- Giving correct information corresponded to the facts to the customers on the qualification and the quality of the manufactured products to build up confidence and fairness to its customers.
- Having readiness to answer the questions to its customers, including taking action against a complaint, giving advice and follow-up on the progress in the various issues reported by the customers.

3) Shareholders

Policies on taking care of the shareholders

- 1) The company has a duty to protect and respect the basic rights of the shareholders, e.g. the right to trade or transfer shares, share the profits of the business, receive news and information on the business sufficiently, and attend the shareholders' meeting or appoint or remove the directors, appoint the auditor, allocate the dividends, setting up or amending the bylaws or the memorandum of association, reduction or increase of the capital and approve of the special items, etc.
- 2) The company has a duty to promote and encourage the shareholders to exercise their rights on the various matters in the annual general meeting (AGM) i.e. the right to present an item in the AGM in advance, the right to nominate a candidate to be elected as the directors in advance, the right to submit a question to the meeting in advance before the meeting, the right to express an opinion and ask a question with the meeting, etc.
- 3) The company shall not do anything to violate or limit the right of the shareholders.

4) Trade Partners (including the consultants and subcontractors)

Policies on taking care of the trade partners (including the consultants and the subcontractors)

- 1) The company has a duty to create good relations with all the trade partners.
- 2) The company has a duty to open an opportunity to all the trade partners to present the goods or service equally, while the management and its relevant employees with the trade partners shall comply with the following measures:
 - It has to work with the trade partners with integrity and equity.
 - The consideration and decision-making shall be based on the basis of comparison of quality and various conditions considering the company's interests both on the short term and long term.
 - It has to keep the secrets of the trade partners by prohibiting from accepting a bribe or commission from the trade partners, including being prohibited from disclosing information or a proposal from one or multiple trade partners for acknowledgement directly and indirectly.

5) Creditors

Policies on taking care of the creditors

- 1) *The company has a duty to build up relations and practice on the creditors by adhering to the principle on integrity, reliability and mutual trust.*
- 2) *The company has a duty to take responsibility, attention and priority on the various conditions on the agreement with the creditors at the best.*

6) Governmental Agencies

Policies on taking care of the governmental agencies

- 1) *It has a duty to comply with the relevant law and bylaws while encouraging having good practice and/or doing more than the specified laws and by bylaws.*
- 2) *It shall support the activities in the various occasions of the government agencies as appropriate.*
- 3) *It has a policy of prohibiting from giving or receiving a bribe to the governmental authorities, which specified in the policy and guidelines on ant-fraud and corruption of the company and its affiliates in Patkol group.*

7) Communities around the Factory

Policies on taking care of the communities around the factory

- 1) *The company and its employees have to adhere to the behaviour of being good citizens and benefit the society and communities*
- 2) *The company and its employees have a duty to behave good to the communities residing nearby with friendliness, help and support the communities to have good living, including taking responsibility for addressing in case of a problem derived from the operations of the company with equity.*
- 3) *The company and its employees have a duty to take care and support of the activities with a benefit to the society and cooperation with the public sector and the various agencies with willingness and sacrifice for the benefit of the public.*

2. Mechanisms for Participation by the Stakeholders

The company has opened a channel for the stakeholders to show their opinions/ recommendations/ complaints with the audit committee and/or secretary of the company on the matter that is beneficial, including the matter involved with the good corporate governance. For instance, on the law or ethics, financial report or the defective internal audit via the channel of receiving the complaint and advice specified in this policy.

Whereas the complainant shall state details of the matter to express the opinion/advice/ complaint with evidence or sufficient information for the verification and notification of the name, address and telephone number that can be contacted to the channel of receiving the matter as follows:

- (1) Notify via the telephone 02-328-1035 ext. 1013
- (2) Via the email info@patkol.com
- (3) Send a letter in the suggestion box inside the company at the canteen area at all plants.
- (4) Send a letter to the P.O. Box 39 Post Office For. Thung Setthi, Bangkok 10263.

Chapter 4 Disclosure of Information and Transparency

The company has taken care on the disclosure of the important information involved both the financial information and others correctly, completely, transparently, widely and in time according to the requirement of the SEC and the SET. It can help the shareholders, investors, customers and the interested persons to access the information easily to have equity and reliability with the revelation as follows:

1. Disclosure of the Information by the Board of Directors

1. It has a system that takes care of the disclosed information to the investors to be correct without misunderstanding but sufficient for the decision-making of the investors.
2. It has to provide a report on the results of the operations in accordance with the policy on good governance, business ethics, risk management and policy on social and environmental care approved in summary. The results on the compliance with such the policy, including in the case it cannot comply with such the policy with the reason by reporting via the various channels, e.g. the annual report and its company website.
3. It has to provide a report on the liability of the board of directors on the financial report to show in parallel with the auditor's report in the annual report.
4. It has to disclose the explanations and analysis of the management discussion and analysis (MD&A) to complement the revelation of the financial statement every quarter.
5. It has to disclose the cost of the audit and other service costs provided by the auditor.
6. It has to disclose the role and duty of the board of directors and its committees, the number of the meetings and the number that the directors have attended the meeting in the past year. It included the training and development on the profession continuously by the board in the annual report.

7. It has to disclose the policy on the payment of the remuneration by the directors and the senior management that reflects the duty and responsibility for each person, including the compensation that each director has received from holding the directorship of the affiliates.

2. Disclosure of Information on the Website of the Company

The Board of Directors has disclosed the information on its website on www.patkol.com both in Thai and English languages by updating it constantly.

Chapter 5 Responsibility of the Board of Directors

1. Components of the Board of Directors

- 1) It shall consist of the directors with diverse qualifications on the skills, experience and specialization that benefit the company.
- 2) It shall consist of a minimum of five persons, but no more than 12 persons.
- 3) It must have a director who is not in the management a minimum of one person with experience in the business or main industry of the company.
- 4) It must have a minimum of four external directors or one-third of the board, who can provide an opinion on the working of the management independently.
- 5) It must have the directorship term each time for three years. In the case of reinstating the directorship, it shall be presented to the annual general meeting (AGM) for approval.
- 6) It shall be the elector of the chairman of the board who is an outsider.
- 7) It shall set up the guidelines for the outside directors who can hold the directorship in other registered companies for no more than three places. It shall consider on the efficiency of working by the directors holding the title in multiple companies to make sure that they can dedicate their time on performance of the duty to the company sufficiently.
- 8) The director who is in the management can hold the directorship in other registered companies by no more than two other places.
- 9) The director who has the complete qualifications and no prohibiting characteristics in accordance with the Public Company Limited Act and the Securities and Exchange Act, including no characteristics to show the lack of suitability to receive trust in the management.

2. Qualifications of the board of Directors

- 1) They shall possess the complete qualifications and no prohibited characteristics pursuant to the Public Company Limited Act 1992 or the relevant laws, including the requirement of the SET and the SEC.
- 2) They shall be an authoritative person with the knowledge, skills and experience that can benefit the business operations of the company.
- 3) They shall have the leadership and independence on decision-making for a maximum benefit of the company and the overall shareholders.
- 4) They shall have responsibility for performing the duty of the directorship and can sacrifice their time in the performance of the directorship duty fully, including having the responsibility for the shareholders and making a decision with circumspection and maintaining the interests of the company.
- 5) They shall perform the duty with honesty, integrity, ethics and virtue under the legal framework, including the guidelines on the good governance and code of conduct.

3. Term of the Directorship

The term of the directors is specified by the Public Limited Company Act 1992 and its bylaws in the AGM of the shareholders. The company has to rotate the positions for one-third of the total number of the directors. The longest serving directors shall be rotated first. However, if the number of the directors cannot be divided into three exact numbers, it can be rounded up to the nearest number of one-third, but the rotated directors can be reinstated. Meanwhile, the recruitment and setting the remuneration committee can select and nominate the suitable names to the Board of Directors and the meeting of the shareholders for approval later.

4. The Meetings of the Board of Directors

1. The Board of Directors shall hold a board meeting a minimum of four times a year and implement the meeting to comply with the bylaws of the company, the Public Limited Company Act 1992 and the SET regulations. While the chairman of the Board of Directors as the chairman of the meeting shall encourage to use the discretion that is prudent and allocate the time sufficient for the management to present the matter and sufficient for the directors can discuss the important problems with prudence. Including recording the minutes of the meeting each time for the directors and the relevant persons can verify. The directors have a duty to attend the board meeting each time except there is a special reason.

2. Before the Board of Directors meeting each year, the company secretary shall prepare a meeting schedule for the board of directors to acknowledge on the meeting in advance throughout the year, so the directors can plan in advance and allocate the time to attend the meeting.
3. In setting the number of times on the board meeting, the company shall consider the suitability with the duty and responsibility of its board. While the company secretary has shall prepare the annual schedule with stating the matter for consideration in each meeting, so the board can acknowledge on the details to consider in each meeting in advance. For instance, in the meeting in February shall have an approval on the annual financial budget and the schedule on the AGM, it is included the schedule on closing the register suspending the transfer of the company's shares. The meetings in May, August and December shall approve the verified financial budget on the quarterly basis at the 1, 2 and 3 quarters, etc.
4. In each meeting, the board secretary shall submit the meeting documents to the directors for consideration in advance a minimum of seven days before the meeting and shall prepare the documents and information to supplement the meeting.
5. Organizing the meeting shall comply with the bylaws of the company and the Public Limited Company Act 1992 strictly. It shall open an opportunity for the directors to discuss important problems prudently and widely. It shall have the company secretary to attend the meeting and record the minutes of the meeting, questions and recommendations of the directors as well. So the directors and the relevant persons can follow up and verify them.
6. In each board meeting, the chairman of the board shall spend the time in the meeting about 1-2 hours, which is sufficient for the management to present the matter for consideration, and the directors can discuss the important problems with circumspection thoroughly. Nevertheless, the chairman of the board has encouraged the directors in the meeting to use the careful discretion and can inquire from the meeting if there is someone to have a question additionally or there is an alternative opinion in the meeting on any item.

5. Self-Assessment of the Board of Directors

The company secretary shall consider on suitability in preparing the "Corporate Governance (CG) Self-Assessment" to be presented to the Board of Directors for consideration on an individual basis to consider the work products and addressing the various problems, including improving the efficiency and the better working effectiveness.

6. Independence of the Board of Directors and the management

The Board of Directors of directors shall promote the good governance by designating the "Chairman of the board" may not be the same person with "The CEO." It includes having separation of duty clearly, so the board can have the checks and balances with the management independently.

7. Development of the Directors and the Management

1. The Board of Directors has promoted and provided convenience to have training for development and knowledge to the relevant directors, including the directors in the various committees, so the improvement is continuous.
2. The company secretary has provided the manual on the directorship and guidelines on the disclosure of the information, records on possessing the securities, a change of the securities possession, etc. It shall submit each time with a change of the new director.
3. The Board of Directors shall require the CEO to prepare a regular report on the plan for development and successive jobs to prepare for readiness on the successor in the case they cannot perform the duty.
4. The board of directors has set up the structure for the development of the management by assigning the CEO to report annually for the things that they have performed during the year and consideration in parallel with the plan on job succession.



Risk Factors and Risk Management

A new organizational risk is calculated by using the risk assessment matrix from the assessment of impact and likelihood to set up the guidelines or policy in the supervision of the high risk to be at the acceptable level.

In the assessment of the risk at the organizational level on 31 December 2016 the company had a risk factor in the business operations of the company that may have an impact on the reward from the investment with significance and set up the measures to prevent from the risks by listing the risks with a high chance of occurring and much impact for the low risk and impact by summarizing as follows:

1. Risk from the fluctuations of the raw material prices

Since the main raw materials of our company such as steel, stainless steel and copper, which had the reference prices in accordance with the world market, and were the external factors were beyond control and could make the company to have a risk from the price of the raw material fluctuation.

Operating measures:

The company has set up the framework on the operation to prevent from the risk in the fluctuations of the raw material price, e.g. it has a policy on ordering goods according to the demand without market price speculation and no hoarding of the goods volume. It would order and control in each quarter. There was an internal circulation to inform of the information related to the main raw materials to the management for acknowledgement as the same data in planning to order the raw materials for the production. In addition, it has followed up on the news reports regularly and compared the raw material prices, so as not to order the goods with a higher price than the market.

2. Risk from the labor shortages

Since the main working characteristics of the company is engineering work, which has to use specialized skills with the workmanship that is in the demand of the market, so it has a high competition situation to recruit the skilled labor to work. It may cause the company to have a risk of skilled labor shortage problem.

Operating measures:

The company has designated the framework on the operations to prevent from the risk on labor shortages. It has organized the introductory activities of the company to the vocational institutions and universities and accepted students to be trained at the company and to select these students to work with it. It includes the policy to promote advancement in the profession with the measures for incentives that can compete with the market, on income and safety, including providing suitable welfare according to the working time continuously with the company. It encouraged the employees to be trained on the workmanship and specialized knowledge on the job performance, so our employees had the feeling of binding and security with the performed job.

3. Risk from depending on the management

As the present management group is the founders of the company is the group with experience in the business and well-known and has been accepted widely in creating its knowhow. These qualifications make an important thing for the company to have been trusted by the customers, so the company may have a risk on survival in the case of a change in the management.

Operating measures:

The company has a policy to devolve the power in the management by arranging its organization structure entirely and its affiliates by arranging new training for the management with the suitable qualifications. Therefore, the new management can support the job of the high level management and can take care of the various fields. This can reduce the risk in depending on the management, including the planning for the long term to develop and create the new generation of the management for the organization to grow with stability.

4. Risk from depending on the customers or the major distributors

Since the company has to depend on the customers in doing business and the distributors in procuring raw materials to use in the production, it makes the company can have such the risks. However, the facts that the customers of the company dispersed in a lot of multiple numbers, including having small and large customers disperse in all around, so the risk on relying from large customers are the least.

Moreover, in the dependence on the large distributors the company can procure raw materials from domestically and overseas, and have multiple distributors, as well the management on the continuous purchasing. Thus, the risk from relying on large distributors was very small.

Operating measures:

The company has a sales policy not to rely on a particular customer, so it has dispersed customers numerously in the country and overseas. Furthermore, it has a policy on procuring raw materials from domestic and foreign sources by trying to find more production sources or reserved distributors as an alternative and prevention from its operations to depend on a particular manufacturer or distributor.

5. Risk from the currency exchange rate

In the meantime, our company has imported some raw materials from overseas, then it had to pay in a foreign currency. Thus, the company had the income from the sales of goods overseas as well, and it may have a risk from the currency exchange rate.

Operating measures:

The company has set up a framework on the operations to prevent from the risk on the currency exchange rate by the risk management using the natural hedge method. It can prevent from the risk partially. Nevertheless, it may cause a positive and negative impact on the company. That in order to reduce the risk, the company has used the policy of a forward contract and the other financial tools to hedge against the currency rate exchange that can possibly happen, including an internal circulation to give information on the internal exchange rate regularly on the monthly basis. Therefore, the management can use the same information for the estimate of the cost and the price offer as well.

6. Risk on the working capital

Due to the company has a structural job to build up a process on food productions, which must have the working capital for using in the purchasing of raw materials in working and the labor cost. In the part of the working capital would come from the existing working capital and the support from the banks and financial institutions in the form of a short-term loan and revolving credit as well as the various guarantees, etc. In a situation that there is a change in the payment from the customers with a very high sales value, it may result on the management of the working capital of the company, so the company may have a risk on the working capital.

Operating measures:

The company has a procedure on the preparation and inspection of the contract from the customers by considering the condition on the payment of each case carefully, e.g. an examination of the financial status of the trade partner to supplement the job acceptance, etc. Furthermore, it has designated to manage the liquidity carefully by using the financial ratios as the indicator and there is an increase of more efficiency by setting up the cash cycle day as the key performance indicator (KPI) jointly between the project management and the finance department. Moreover, in the purchasing, it has designated the KPI to recruit suppliers to derive of a good price and terms of payment as well. In addition, there is an allocation of the working capital from the various institutions to be reserved in case of necessity to us the cash flow necessary.

7. Risk from the investment and foreign operations

Due to the company has expanded its business to overseas, but the overseas investment had an external factor that may have impact on the operation of each country, i.e. the law and trade measures, political policy, natural disasters, labor hiring, language and local culture, etc. These impacts may affect the operations not to meet the goals, and the company may have a risk from the foreign investments and operations.

Operating measures:

Our company had a procedure on the study and analysis of the possibility from the investment in each country carefully. It has hired overseas consultants to provide advice and practice to comply with the law and other relevant factors of each country. Initially, the company shall set up a representative office overseas to study the feasibility. After the consideration from the possibility of the investment and found to have a worthy reward, then it may decide to establish an affiliate overseas. Currently, the company has representative offices in Myanmar and Vietnam, and under the consideration to register an affiliate in Malaysia and established affiliates already in Indonesia (PT. Indonesia Patkol Service) and in the Philippines (Patkol Philippines Corporation).

8. Risk from the liberalization of the free trade and the advent of the ASEAN Economic Community that may have impact on the turnover and the production cost.

Since the advent of the ASEAN Economic Community (AEC) in the full form, as a result, it shall open a free movement of resources, capital, labor and trade among each other in the ASEAN market, and it can make the goods/services from the ASEAN group to compete in Thailand much more. Furthermore, our customers may move their production base to other countries in ASEAN with the raw material or labor cost that is cheaper. The company may have a risk from the opening of the free trade in the AEC that can have impact on our turnover and production cost.

Operating measures:

The company has the technology on machinery for food processing and production with high efficiency compared with the competitors in the AEC, and the company has improved and developed new innovations all the time. It expanded the business by setting up representative offices and registered its affiliates in the AEC group. Moreover, it has a policy on expanding the business to the AEC countries continuously to support the economic expansion in the ASEAN group.

9. Risk from the economic and political factors

Since the world economic situations that had fluctuations and sensitivity to cause the economic conditions Thailand to fluctuate along them, supplemented by the political change as the thing to be followed up closely. Due to it shall have impact on the efficiency of withdrawing the budget and confidence of the private sector, which may have direct impact on the investment climate domestically and internationally, the company may encounter risks from the economic and political factors.

Operating measures:

The company has organized a meeting inside the organization on analysis and follow-up the results on impact from the economic factor and politics in the monthly management committee meeting with guidelines on adjusting the strategy in response to the occurred situations. Moreover, it held a tactical seminar to develop the management of a new investment and a foreign growth.

The Audit Committee Meeting No. 2/2017 on 20 February 2017 assessed the sufficiency of the internal audit of the company by summarizing the opinions on sufficiency of the internal audit into five parts as follows:

Part 1 Organization and the environment

The target on the business operations of the company was established clearly with the possibility and measurement of the results. The company has organized its structure that helps the management to work with efficiency to achieve the established goal. It has the requirement and punishment, forbidding the management and its employees to do in the way that may cause a conflict of interest with its business. The company has a policy and procedure on the operations of finance, purchasing and risk management considering fairness to its trade partners for its benefit.

Part 2 Risk Management

The company's risk management is prepared by assessing of the risks in the business operations both the internal and external factors regularly. It analyzes the cause and effect, designating the risk management, including the follow-up on the operations according to the risk management plans.

Part 3 Control of the Operations of the Management

The operation of the management has absolutely divided the duty and responsibility for approval of the records of accounting items, information and storing of the assets separately.

Approval of the transactions of the company with the major shareholders, the directors, the management or the relevant persons shall consider the maximum benefit of the company and as if the items were made with the general public.

Part 4 Information Technology and Communication Systems

The company shall provide important information sufficiently to supplement the decision-making of the committee. The board of directors shall receive an appointment for the meeting or supplemental document that states necessary and sufficient information before the meeting on the average of 7 days in advance. The documents supplementing the various recordings shall be kept in groups and prepared in accordance with the accounting policy as refer to the general accepted accounting principles and suitable with the business characteristics.

Part 5 Follow-up System

The company has organized the follow-up on the general operations by comparing with the target on the business operations. The audit shall comply with the internal control system organized regularly by the internal auditor shall prepare the result on the examination to be presented directly to the management, the audit committee and the audits. In the case there is a discovery of an irregularity in the essence, it shall report to the audit committee and the management within a reasonable time, including reporting the advance in the address of such the shortcomings.

Persons with possible conflict of interest	Transaction	Transaction value (Million Baht)		Reasonable of the transaction
		2016	2015	
<p><i>Prudent Advisory Co., Ltd. ("Prudent")</i></p> <p><i>The business consultant provider, Mr. Rangsan Thammanee Wong joint a director of the Company and Prudent.</i></p>	<p><u>Service Fee</u></p> <p>The Company has renewed of service contract for strategic planning and conducted a workshop for executives in solving corporate issues with Prudent over the next two years (April 2016 - April 2018).</p>	4.2	5.1	<p>The Board of Directors' Meeting No. 2/2016 held on 13 May 2016 passed a resolution to approve the entering into the transaction between the Company and Prudent for the renewed of service contract over the next two years.</p> <p>The service fee is to develop the work process and business benefits of the Company. The price and terms of payment are normal business rates. Such items are needed and reasonable to the maximum benefit of the company.</p> <p>Also, the Audit Committee has no opinion different from the Board of Directors.</p>

Other inter-related transactions, including pricing and interest rate policies, determined by PATKOL and its subsidiaries, joint venture firms, and other related organizations, are shown in the Footnotes to Financial Statement No. 31.

For inter-related transactions and items with possible conflicts of interest, the company has clearly designated the authority for granting an approval by considering the balance and flexibility of implementation based on the normal business operations. The company has also developed its effective internal control systems, where rules, regulations, and procedures have been reviewed by the Internal Audit Committee on a regular basis. In addition, for proceeding with inter-related transactions, PATKOL is always committed to providing the highest benefits to all parties involved.

Required Measures and Procedures in Granting Approval for Inter-Related Transactions in the Future

In case that there shall be any inter-related transaction implemented by the company or its subsidiaries, joint venture firms, and other related organizations that may possibly cause any conflict of interest in the future, the Internal Audit Committee shall necessarily provide productive comments and suggestions on such implemented inter-related transaction with regard to its appropriate price by considering required conditions complying with the nature of business existed in the industry and the comparison of the price proposed by any third party or the current market price if necessary. The Internal Audit Committee shall deploy independent experts or auditors of the company to provide productive comments and suggestions on such implemented inter-related transaction to be used as reference to the Internal Audit Committee's verdict. Admittedly, such comments and suggestions provided by the Internal Audit Committee, independent experts, or auditors shall also be used as reference to the verdict of the Board of Directors or shareholders depending on cases. The Board of Directors and stakeholders are unauthorized to cast a vote on such implemented inter-related transaction as it shall be disclosed in the Footnotes to Financial Statement verified by the company's internal auditors.

Policy Overview

The company has always realized that the good industry shall be parallel to the social development and the environment for its sustainability by supporting the activity with social creativity constantly. It has allocated a part of the budget from its revenue to be used for social responsibility activities.

Moreover, it has promoted the performance of its directors, the management and the employees to adhere to the “quality of service for seriousness and sincerity principle.” The company has determination on the social responsibility and the environment, including inculcating consciousness of its employees accordingly, so it can maintain the good organizational cultures forever, with the maximum goal for the community and society to grow with sustainability.

Operation

1. Operations with integrity

The company has determination on management by adhering to the good corporate governance, which is a good practice for the directors of the registered company and relevant practice of the Stock Exchange of Thailand (SET) to raise the level of supervision to the fair practice with transparency, accountability and has the standard on good corporate governance at the international level. The company has prepared the “*Manual on the Policy and Guidelines on Good Governance*” of the company and announced to its directors, the management and the employees for acknowledgement and adherence as practical guidelines. It covers the various practices and consistency with the expectation of the shareholders and the stakeholders.

Meanwhile, the board of directors shall try to supervise with the practices according to the policies and guidelines on good supervision strictly. It also determines to develop the good governance of the company continuously to achieve the target in building stability and growth continuously with sustainability for the company and the shareholders indefinitely.

2. Anti-Corruption

The company has a policy on the operations according to the good corporate governance by virtue and ethics, integrity and transparency, but has awareness of the problems on dishonesty and corruption. Meanwhile, the corruption still increases in intensity and has caused damage to the economic and social developments very much. As a result, the Thai private sector consists of the Thai Institute of Directors, The Thai Chamber of Commerce and Board of Trade of Thailand, Thai Listed Companies Association, The Federation of Thai Industries, etc. have established a “Project Private Sector Collective Action Coalition

against Corruption, “CAC,” which is consistent with the established policy on the business operations of the company. Thus, the meeting of the board of directors No. 1/2559 on 29 February 2016 resolved for the company to sign up to show the intention for not participation in corruption and bringing the company into the certification by the CAC membership to join the anti-corruption effort.

In order for the business operations that may have a risk on corruption, which shall be treated carefully, the company has appointed “the anti-corruption committee on 11 August 2016 to operate for such the purpose. In addition, the companies in the group have prepared “*the manual on policy and guidelines on anti-corruption*” with the intention for its directors, the management and all of the employees and the companies in the group to have knowledge and understanding as well as realization of their role, duty and responsibility. They can adhere to it as guidelines on corruption in the various forms via the propagation through the communication channel of the company. It includes training to give knowledge and announce this intention to a third party. It has also provided for a whistleblower and measures to protect the informants. Nevertheless, this is to raise the level of country development by reducing the occurred corruption later.

3. Respect for Human Rights

The company has realized of the importance to the human rights and has a policy with a respectful treatment on individualism and human dignity. It has designated all of its employees to exercise their rights, liberty and equality during the operations. It includes the progress in the occupation without discrimination based on job position, origin, race, language, religion, age, gender and physical conditions or health, and no bias based on the economic or social standing and educational qualification or political ideology whatsoever. Meanwhile, the company also has complied with the agreement on human rights and law on using labor with the associations and organizations at the national and international levels as well. It had not employed child labor with their age were less than 18 years old, including no employment of illegal aliens. While in the international employment that our company has been operating, it has set the age qualification in accordance with the regulation of the host country.

4. Fair Treatment of Labor

The company has always realized that all of its employees are the most valuable resource as the factor for the success of its mission and goal. The company has taken care of the practice that is fair on the opportunity, reward, appointment, transfer and suitable and fair welfare in various stances, e.g.

- On the management of wages, rewards and welfare, it has managed by considering the principle of incentive for the employees to work in full capacity with the equity to comply with the requirement of the law and has the same practical procedure. It shall be suitable with the level of responsibility in consistent with the business operation, and in the level that can compete or equal to the rate of compensation by other companies in the same business.

- On development of the employee potential, it has given priority on development of knowledge, ability and managerial skills via training process, seminars, observation and determination for personnel development to increase capability of its employees at all levels with continuity.
- On employment, operations, progress in the occupation, it has designated the clear guidelines for standardization based on the principle of no prejudice and in consistent with the various relevant laws. It gives the opportunity to everyone for equality on the ratio of male and female, race, religion, origin, age, disability, economic and social standing or educational qualification.
- On safety and health at the workplace, it has concerns on life and health of all of its employees. Thus, the management on safety and working environment other than complying with the standards as designated the law, the company still supports and promotes the safety activity with continuity as well.

Other than the safety, occupational health, the company has operated the business considering safety, occupational health by developing the management standard system on safety and occupational health (OHSAS18001) to fit its operation on all procedures. It shall be on the safety basis with life and health of the employees and the contractors with fairness and without bias. It includes the referral to the responsibility of the surrounding community, e.g. provision of personal safety gear for all levels of the employees. Training on safety for all employees and the contractors and the designation of safety measures for the visitors, and the preparation for the safety media “related to the driving of vehicle safely” for the governmental agency and the distribution to the general public.

5. Responsibility for the consumers

The company has realized of the importance of the customers for its business success. So it has shown intention to seek the method of responding to the demand of the customers by having more efficiency and effectiveness all the time and has designated the guidelines as follows:

1. Produce quality goods by considering the standards and safety on their use.
2. Deliver quality goods and service with seriousness and sincerity at the fair price.
3. Give correct information sufficiently and in time for its customers, so they learn of the goods and the services without exaggerating to cause misunderstanding on the quality, number or any conditions of the goods or services.
4. Keep the secret of the customers and shall not exploit it for its own or the relevant party illegally.
5. Provide advice on the use of the goods and the services of the company to have efficiency with optimization to customers.

6. Conservation of the environment

The company has been aware of the importance of the conservation of the environment all along by applying the ISO 14001 system to use as guidelines in its operations on the products. It has determined to produce and develop various machines to save energy and is friendly to the environment. In the operation, it has campaigned for its employees to save on the energy via the various activities, e.g. the campaign to shut off the air conditioner and close the computer screen during the break time from 12.00 – 13.00 hours to save the energy and the environment. It practices on the five activities, 1. Sorting 2. Convenience. 3. Cleanliness. 4. Hygiene and 5. Character to encourage all of its employees to participate in cleaning of the workplace, setting the goal on reducing the paper use volume. These are for the employees to have conscience on energy saving and to apply in the daily life.

7. Participation in the community or social development

The company has realized of the importance of the community development and the surrounding society by encouraging help on the various occasions to the agencies in the community. They include the infrastructure, utilities, employment, financial support and equipment for education, support of the activity of the local administration, as well as participation and support of the activities on the culture and tradition of the locality where it situated regularly.

8. Having innovation and propagation of innovations derived from working with corporate social responsibility, the environment and the stakeholders.

The company has encouraged its employees to follow up and extend their knowledge, applying it and new technologies to develop the jobs by organizing activities promoting innovative development continuously. This is to stimulate the idea on development of quality goods and services having efficiency and considering the use of the resources with cost effectiveness by reducing the use of resources. For instance, the promotion of registering a patent right in the innovation that helps in the company goods and increase efficiency on working to save energy and various resources, e.g. ice- making machine and refrigerating machine.

Activities to benefit the society and the environment

The operation that is part of the regular business operations of the company that shows our responsibility towards the stakeholders involved with our company with circumspection under the specified law. It has operated activities related to the social responsibility and the environment as follows:

1) Participation in community development

● Project accepting student training (Project bilateral training)

It has envisaged the importance on education of the vocational education group, which is considered as an important power in driving the mechanisms of the industry of the country. Meanwhile, it is also one of the missions of the company to “develop our personnel on the occupation and service to have higher competitive capability.” By accepting the students in the project bilateral training in the procedure of training a minimum of six months, so the students can accumulate and harvest experience, including the knowledge to enter the actual working. In the training the students can learn from the working experience and the preparation of the readiness upon entering the actual labor market. It shall have a trainer in the workplace to transfer the knowledge both in theory and practice and solving of the problem that have occurred, including the help and recommendation on living to the students.

During 2016 our company has taken in a total of 5 students in the bilateral training project stationing at our plant at Patkol Manufacturing Co., Ltd. (affiliate), three from Bang Saphan Occupation College, Phrachuap Kiri Khan province and two more stationing at King Keo plant from Surat Thani Technical College.

Moreover, the students would receive knowledge, regardless of being the skill on welding or electricity, the company also created income for the families of the students. Meanwhile, the company has provided lodging to the students free of charge, including financial aid to the students as a reward so they can learn of the monetary value and savings upon entering the actual employment.

● Project creating jobs for the community

The company has encouraged on job creation to the people in the community from its expansion by opening branch offices in the provinces in several regions around the country, e.g. the northeast region center, the southern and the northern region centers, etc. The company has a policy for employment and recruitment of local employees to work in the job creation within the Community and creating of occupations and income, so the people in the community can stay within their family hometown and has improved their way of life.

● Project Patkol for safety and earth conservation

The company has organized training activity on the basic fire extinguishing and teaching survival in case of a fire to the students from the level of kindergarten up to the 6th grade numbering 427 students and the teachers at Ngam Mana School in Pravat District, Bangkok. It included providing the activity on sorting of the recycle garbage of plastic bottles, glass bottles, aluminum cans, A4 paper, staple wire and promote the establishment of the garbage bank for the activity on sorting garbage by the students as well on 27 February 2017.

- **Project supporting the activity on the Children's Day**

The company has supported the activities on the Children's Day 2016 to promote the children and youth to have fun, unity, dare to express them in the creative way and to have discipline and responsibility for self and society. The company gave help in gifts, food and beverages to the communities and schools nearby such as the communities of Mittrapap, Mahat Thai 1, Raja Thewa, Phueng Fa and Kotcha Puek Anusorn School.

- **Project supporting education for the children of the employees**

The company has given support by giving scholarships on the children of its employees and its affiliates annually. It had criteria on giving the scholarships to the employees who earned the income of no more than 20,000 baht per month. It had the objective to promote the study and help to share the burden of its employees. In 2016 there were applicants with their qualifications complied with the guidelines set by the company totalling 32 scholarships. The company granted the scholarships to their children in the primary school numbering 25 scholarships each 1,500 baht, the secondary school and lower vocational certificate or the equivalent for 7 scholarships, each at 1,800 baht totalling 50,100 baht.

2) Participation in the social help

- **Activity on donation of blood "This pain for You"**

In order to help the society and encourage our employees to participate in the public charity and build conscience as the sacrifice to the society to join in the blood donations to Ratchavithi Hospital numbering four times throughout the years with the following schedules.

First time	on 17 March 2016	donated blood of 38,850 cc.
Second time	on 17 May 2016	donated blood of 40,500 cc.
Third time	on 17 August 2016	donated blood of 32,400 cc.
Fourth time	on 16 November 2016	donated blood of 38,950 cc.

- **Project giving bicycles to the poor children**

The company supported the project giving bicycles to the poor children jointly with the public agency at the Military Circle No. 15 by organizing the project "Project giving bicycles to the poor children in honor of His Majesty the King." It gave the bicycles to the poor and depraved children who did not have a bicycle to ride to school in the area of Khao Yoi District, Phetchaburi province. The company gave 33 bikes each valued at 1,200 baht totalling 39,600 baht on 11 January 2016.

- **Project donation of old calendars to help the eyesight disabled**

Currently there were several foundations and schools for the blind, but they still lacked the necessary teaching media are the Braille reading cards. Thus, the company had organized an activity to donate old calendars to make Braille cards for the eyesight disabled children and provided lunch for them at Thammic Witthaya School, Phetchaburi , Khao Yoi District, Phetchaburi province on 13 February 2016.

- **Project granting scholarships to the deprived children**

The company has organized an activity to give scholarships and learning equipment to the schools or the children foundations to help the deprived children at the child village school in Muang District, Kanchanaburi provide by giving the learning equipment and scholarships of 15,000 baht, so the children can have the educational opportunity to develop the life skills on knowledge and occupation on 10 December 2016.

- **Project helping spirits for the children**

The company participated in the activity and supported of the project the helping spirits for children. Referring to the survey of the schools in the desolate areas that still lacked of the learning/teaching equipment at Ban Klong Charoen School, Nong Bua Daeng District, Chaiyaphum province, the company helped to support the budget in the improvement of their building, canteen and presented scholarships, including supporting the equipment to help development of learning, e.g. a computer, photocopier and printer on 26-27 November 2016.

- **Project supporting traffic signs**

The company supported and delivered traffic signs to Udomsuk Police Station, Pravet District, Bangkok as a campaign to use the traffic signs legally and to reduce the accidents on the road in the Pravet area on 11 August 2016.

3) Participation in the conservation of cultures and traditions

- **Activity on candle parading at the Buddhist Lent**

The company has organized the activity on parading the Buddhist lent candles to show faith on the inheritance of the Buddhism for preservation and participation with the nearby communities at Kao Pitak Charoentham Temple, Pravet District, Bangkok.

- **Promotion of tying the chapel landmarks and gilding gold leaves on its chapel stone balls for temple landmarks.**

The company joined in as a committee to support the fair on tying the stone balls as the chapel landmarks and gilding gold leaves on the chapel stone balls at Keo Pitak Charoentharn Temple with the objective to buy a land for use in building a road for the Buddhists who come to make merits for one rai (1,600 sq. m) by joining the donation of 150,000 baht on 26 August 2016.

- **Promotion of the activities in accordance with the Thai cultures**

The company has organized the Patkol Unity Kathin of 2016 by designating to present the ceremonial robes to the monks for the annual 2016 at Kachap Temple, Huay Rong sub-District, Khao Yoi District, Phetchaburi province with the objective to collect money to support the fund to build a temple with the total donations of 1,230,100 baht on 29 October 2016.

4) Participation in the environment

- **The activity of the project “84 dams in honor of the Queen”**

This is the activity to take care of the forests by building levees to slow down the water flow in honor of Her Majesty the Queen Sirikit to celebrate Her Majesty the Queen in the auspicious occasion of the 84th anniversary on 12 August 2016 at Khao Dan, Phetchaburi province. The company took part of the care of the forest and help to build conscience for the next generations to conserve and see the value of the forests, which it was organized on 11 September 2016.

- **Activity of the project planting mangrove forest following the footprint of the King**

Since the company has envisaged the importance of the mangrove forest, which is the source of nursing aquatic animals, breeding of the replacing mangrove trees, including the conservation of the remaining mangrove forests as rehabilitation of the mangrove forests, as well as building conscience to our employees to conserve the valuable resource of the country at the resort in Samut Prakan province, which organized on 26 November 2016.

5) Participation in the Pledge of Allegiance

- **Activity on doing good for the Father (The 9th Reign)**

Our company and its affiliates participated in the activity on bidding the farewell and signing our names for the late His Majesty the King Bhumibhol Adulyadet Mahidol Thibet Rama Thibordi Chakkri Naluabordin Siam Mintrathirat Baromborpit to show our loyalty and remembrance to the late His Majesty on 21 October 2016.



Patkol Public Company Limited. was founded in 1965 and has become well-known as an expert in cooling systems and food processing machines in the Asia-Pacific region. Patkol expanded its business operations to accept contracts for the installation of ice plants, cooling machines and refrigeration rooms based on customer needs by providing one-stop services covering design, installation, engineering work and services with acceptance and trust from domestic and overseas customers worldwide under the company's motto: "Quality with Service, Sincerity and Honesty". The company considers organization safety and environment. Therefore, the company created the Safety Section on 16 May 2012.

Patkol Public Co., Ltd. is also determined to raise awareness of corporate social responsibility in terms of care for corporate personnel and contractors. The company hopes to provide work areas meeting occupational safety and health principles for employees and contractors. At present, the company has certified the OHSAS 18001 occupational health and safety management standards and ISO 14001 environmental standards by Tuvnord.

Occupational safety, health and the environmental policy are as follows:

1. Aggressively build corporate culture in the areas of occupational safety, health and the environment through executives' intentions and participation by every employee in the company.
2. Emphasize and promote awareness of duties and responsibilities on occupational safety, health and the environment among employees and contractors for themselves, colleagues and communities surrounding work areas.
3. Comply with safety-related standards and regulations under the law.
4. Develop capacity among employees and contractors via a system for assessing occupational safety, health and the environmental capacity in addition to maintaining standards for working safely and effectively.
5. Manage occupational safety, health and environmental risks by controlling risk at the lowest practicable level.
6. The company is determined to prevent and reduce pollution impacts from work in addition to participating in natural resource preservation and conservation.
7. The company emphasizes and promotes employees and contractors in awareness of duties and rights to stop working under unsafe conditions.
8. The company has established clear operating objectives and goals along with inspecting and assessing outcomes for continual improvement.
9. The company has modified the accident management system to be effective in order to prevent and reduce accidents or diseases caused by work along with investigating causes to prevent recurrence.

The main components of occupational safety, health and the environment work are composed of the following:

- The company provides training for employees at every level. The company also provides education and imparts good attitudes to new employees.
- Safety promotion and support activities.
- Risk assessment and prevention.
- Preparation and analysis of accident statistics and accident investigations to make improvements and corrections.
- Work methods, pre-work prevention, regulations and safety inspection preparations.

In addition to enacting protection by various measures, the company divided work safety management steps as follows:

1. Safety plans are composed of educational orientation for new operators, training for safety staff at the supervisor/management level, Safety Committee appointments, equipment/tool inspections, machine testing, hazard indication and risk assessment, safety manual preparations, Toolbox Talks, House Keeping, work area inspections, emergency plan and fire suppression plan preparations and safety promotion activities, etc.
2. In working, the company controls work methods in line with specified procedures such as construction site preparations, warning sign installation, wearing personal protective equipment, working in high places, scaffolding work, machine-related work, work in confined spaces, work related to electricity, lifting work and work license request systems, etc.

Past achievements in occupational safety, health and the environment

- The Outstanding Operating Facility Project in the Area of Safety, Occupational Health and Work Environment.
- The Safe Operating Facility Project in Honor of HRH Princess Sirindhorn Maha Chakri.
- Green Industry Project.
- “No Drunk Driving, No Fast Driving and Wear Helmets” dissemination and public relations promotion activities.

The company works earnestly to promote employee environmental health and safety along with building conscientiousness among employees and the people involved in their duties to perform in compliance with ethical guidelines by consistently providing training and education for employees. Furthermore, the company gives great importance to compliance with standardized guidelines and measures to create good environment preservation at an international level.

Management Discussion and Analysis

The Company's overall performance in 2015 and 2014 can be summarized as follows:

Consolidated Financial Statement/Year (Million Baht)	2016		2015		Difference	
	Amount	%	Amount	%	Amount	%
Sales and Service Income	3,713	100%	3,551	100%	162	4.6%
Sales and Service Costs	(2,763)	-74.4%	(2,701)	-76.1%	(62)	2.3%
Gross Profit (Loss)	950	25.6%	850	23.9%	100	11.7%
Other Income	26	0.7%	33	0.9%	(7)	-22.0%
Sales Expenses	(290)	-7.8%	(259)	-7.3%	(31)	12.1%
Management Expenses	(544)	-14.7%	(440)	-12.4%	(105)	23.8%
Profit Before Financial Costs	141	3.8%	185	5.2%	(43)	-23.4%
Financial Expenses – Interest Expenses	(29)	-0.8%	(31)	-0.9%	2	-5.9%
Profit (Loss) Before Juristic Person Income Tax	112	3.0%	154	4.3%	(41)	-26.9%
Juristic Person Income Tax	(30)	-0.8%	(44)	-1.2%	15	-32.7%
Profit for the Year	83	2.2%	109	3.1%	(27)	-24.6%
Other Comprehensive Profit/Loss	(10)	-0.3%	212	6.0%	(222)	-104.9%
Total Profit and Comprehensive Profit/Loss for the Year	72	1.9%	321	9.0%	(249)	-77.5%
Attributable Profit/Loss Portions:						
Portion Attributable to Shareholders of the						
Mother Company	84	2.3%	112	3.2%	(28)	-24.9%
Portion of Non-Controlling Interests	(2)	0.0%	(3)	-0.1%	1	-38.4%
	83	2.2%	109	3.1%	(27)	-24.6%

Referring to the above information, in 2016 the company had revenue from sales and service of 3,713 million baht, while in 2015 it had the revenue from the same sales and services at 3,551 million, an increase from the previous year of 162 million baht or 4.6%, due to the group of ice makers and the industrial refrigeration had more expansion domestically and overseas as well as the service group had higher expansion as well. In 2016 it

had the profit that was the net worth of 84 million baht or 2.3% of the revenue, while in 2015 had the profit at 112 million baht or 3.2% of the revenue. Meanwhile, the company had the expenditure on sales and services in 2016 higher than 2015 totaling 105 million baht or 23.8% of the previous year. However, since the company had invested in the manpower and assets in preparation for the expansion rather large, so the overall operation results in 2016 had the profit lowered than 2015 by 28 million baht, or 24.9% of the previous year. Analysis can be performed for individual business groups as follows:

Past Performance of Each Product Branch or Business Group:

Consolidated Financial Statement (Million Baht)	Ice Machines and Industrial Cooling Systems	Liquid Product and Food Processing Machines and Systems	Service and Spare Parts	Central and Other	Total
2016					
Sales and Service Income – Domestic	1,595.6	739.0	488.3	0.0	2,822.9
Sales and Service Income – Overseas	740.4	149.6	0.0	0.0	889.9
Total	2,336.0	888.5	488.3	0.0	3,712.8
Sales Costs	(1,748.0)	(690.5)	(324.3)	(0.0)	(2,762.8)
Gross Profit from Sales and Services	588.0	198.0	164.0	(0.0)	949.9
% of Profit to Sales	25%	22%	34%	0%	26%
% of Sales to Total Sum	63%	24%	13%	0%	100%
2016					
Sales and Service Income – Domestic	1,304.2	875.0	450.0	0.0	2,629.2
Sales and Service Income – Overseas	692.6	220.9	8.4	0.0	921.8
Total	1,996.8	1,095.9	458.4	0.0	3,551.0
Sales Costs	(1,480.9)	(911.5)	(308.4)	(0.0)	(2,700.9)
Gross Profit from Sales and Services	515.9	184.4	149.9	(0.0)	850.2
% of Profit to Sales	26%	17%	33%	0%	24%
% of Sales to Total Sum	56%	31%	13%	0%	100%
% of Growth for Each Product	17%	-19%	7%	0%	5%

1. Revenue from sales and services

The revenue of the company in 2016 came from the business group of the ice makers and the industrial refrigeration had the highest ratio or 63% from the total revenue. The business group of machinery and the system for the liquid and food processing products accounted for 24%, and the service group of 13% from the total revenue, with the analysis of the growth in each business group as follows:

The business group of ice makers and industrial refrigeration had higher growth of 17% came from the strategy of the company. It had both the domestic and overseas expansion, including the subsequent result from our several customers could not deliver the space to be installed the machines as planned in the last year but could be done this year.

The business group of machinery and systems for the liquid and food processing products had the growth rate reduced by 19% due to the project of some customers had the period extended, and the company had the backlog waiting to be realized in 2017 by another number.

The business group of service and spare parts had the growth rate increased by 7% due to the company has expanded the investment by opening the service center covering all regions and expanded more services in the form of preventive maintenance.

2. Other revenues

Normally, it consisted of the revenues from other business of the company, e.g. profit from the currency exchange, received interest, income tax return, write-offs recovery and profit from the adjustment of the debt restructuring, etc. In 2016 they were reduced by 7 million baht, or 22% from the previous year due to 2015 the company had the accounting profit from the debt restructuring by 9 million baht.

3. Cost of sales and the basic profit

In 2016 the company had the initial profit rate of about 26% of the revenue, while in 2015 it had the initial profit of about 24% of the same things. It showed that the company can control the cost of sale and service better, so its initial profit had a higher rate. Although the main raw materials used in the fabrication of the company were goods with the fluctuated price in response to the world market, e.g. steel and stainless steel, etc. However, the company tried to manage the cost from the policy level by setting the standard margin of profit and controlled by setting the key performance indicator (KPI) that is clear for the project manager. Moreover, it tried to find new raw

material sources and new vendors for competitive prices and designated the raw material planning to be the center-based type to increase the power of negotiations with the manufacturers.

4. Expense on sales and management

In 2016 the combined expenditure on the sales and management at 834 million baht, or 22% of the revenue, compared with the expense on the sale and service found in 2016 had higher than 2015. It was

due to the company had the expense to prepare the job volume expected to be increased and the preparation of the strategy for the job expansion domestically and internationally. Moreover, the company hired the consultant to develop personnel both on the operation and management, including the improvement and develop of some parts of the machines. The accounting expense for the R&D, the expense on the management of company, while another part comes from the company has set up overseas companies such as in Indonesia, the Philippines, and the representative offices in Malaysia, Vietnam and the company had the expense higher from the depreciation cost of the information technology system in the data management for the enterprise resource planning (ERP), the cost of depreciation of the new machines and the cost of repair of the old machines. Furthermore, it also had the cost of lodging from the employees overseas due to it had the policy of more expanding the market and overseas customer base.

5. Net profits

In 2016 it had the net profit of 84 million baht, or 2.3% of the revenue, while in 2015 it had the net profit of 112 million baht, or 3.2% of the revenue. The company had the net profit down from the expense on the sales and management higher such as the cost on the personnel, cost of depreciation, cost of R&D and the cost of overseas traveling and lodging as explained above. Nevertheless, the results of most of the expenses occurred from the expansion preparation for the future caused the profit to be lowered.

6. Assets and liabilities

Assets

At the end of 2016 the company had the assets of 3,615 million baht, and at the end of 2015 had the assets of 3,386 million baht, the company had the growth rate of the assets increased by 229 million baht or 7%.

Since the company had cash and the trade debtors increased in fluctuation to the higher turnover, but at the time of analysis of the debt collection found the company could manage the time of debt collection faster and the inventory higher due to the ready-made goods waiting for installation and delivery to the customers.

Nonetheless, the company has realized on the control of the quality of the debtors and inventory very much, so it has set the control policy and measures as follows:

Policies on setting up for the doubtful debts

- The debtors owed more than 6-12 months were set up for the doubtful debt of 20%.
- The debtors owed more than 12-18 months were set up for 50%

- The debtors owed more than > 18 months were set up for 100% and considered additionally on the ratings 1 and 2 to be set up for the doubtful debt of 100% as soon as the sales with the principle on the rating as follows:

- Rating 1 means the debtors that the company used to take a legal action or under rehabilitation.
- Rating 2 means the debtors with a history of restructuring with the company.
- Rating 3 means the debtors with a history of overdue by more than 90 days during the past 3 months.
- Rating 4 means the debtors with a history of overdue from 31 days but not exceeding 90 days in the past three months.
- Rating 5 means the debtors with overdue normally not exceeding 30 days.

Policy on setting up a reserve for the deteriorated goods

- Goods of non-movement 12-18 months were set up a reserve of 10%.
- Goods of non-movement 18-24 months were set up a reserve of 30%.
- Goods of non-movement 24-36 months were set up a reserve of 60%.
- Goods of non-movement >36 months were set up a reserve of 85%.

Analysis of the debtor quality

	At 31 December 2016		At 31 December 2015	
Debtors are not yet due				
-Normal	329	51%	214	36%
Debtors overdue:				
-Not exceeding 3 months	179	27%	242	41%
-More than 3 months and up	61	9%	57	10%
Debtors accepted the indebtedness	1	1%	1	1%
Prosecuted debtors	78	12%	81	14%
Total trade debtor	647	100%	594	100%
<u>Deducted</u> by the cost of doubtful debt	(105)	-16%	(91)	-15%
Total trade debtors – net	542	84%	503	85%

The company had the rate of doubtful debts at the end of 2016 and 2015, or 16% of the total debts. After analyzing the ages of the debtors at the end of 2016 and 2015 was found the company had the overdue debtors reduced due to it had a policy of following up on the debt more closely. It set up a team to solve the problem and reduce the time of debt collection. In case of analyzing that a customer had a liquidity problem or no clarity on the extension of the goods delivery, the company would cut off the job as delivered previously.

Analysis of the inventory quality

	At 31 December 2016		At 31 December 2015	
Inventory	707	100%	658	100%
Deducted by allowance for reduced of goods value	(23)	-3%	(18)	-3%
net	684	97%	640	97%

The company had the rate of setting the allowance for the goods depreciation value at the end of 2016 and the end of 2015 at 3%. Most of the inventory at the end of 2016 increased due to some customers asked for postponement on the schedule of goods delivery and request to delay the project.

Liabilities

At the end of 2016 the company had the liabilities of 2,109 million baht, and at the end of 2015 the liabilities of 1,962 million baht, finding the company had the growth rate of liabilities increased by 147 million baht or 8%.

Since its affiliates have borrowed money from financial institutions, the trade creditors and the called money according to the agreement that exceed the revenue increased due to the company had the total revenue higher, so it had the working liabilities increased. In the part of the long-term liabilities was reduced from the payment of the debts in accordance with the rehabilitation plan.

In such the information showed that the company could manage the growth rate of the assets and the liabilities close to each other, then the net worth of the shareholders increased continuously.

7. Ratio of the shareholders

On 31 December 2016 the company had the net worth of the shareholders of the parent company by 1,506 million baht, while on 31 December 2015 the company had the net worth of the parent company by 1,418 million baht, as a result from the net profit of 2016 as the principle.

When consider the ratio of liabilities to the shareholders of the parent company found on 31 December 2016 and 31 December 2015 at 1.4 times, which were not yet exceed the policy of the company that designated the ratio of debt to net worth not to exceed 2 times. This shows the efficiency in the operation and the financial stability of the company.

8. Analysis of the liquidity

The company had the ratio of liquidity at the end of 2016 and 2015 at 1.61 and 1.7 times respectively. It had the quick ratio at the end of 2016 and 2015 at 1.06 times showing that the company can manage the liquidity very well.

When considered the time of debt collection at the end of 2016 and 2015 at 81 and 90 days respectively, the average time of selling goods at the end of 2016 and 2015 at 86 and 77 days. The repayment time at the end of 2016 and 2015 was at 49 and 51 days. Thus, the cash cycle of the company at the end of 2016 and 2015 at 118 and 116 days, it had a little longer cash cycle. When considered in detail found the time in the debt collection quicker due to the company had set up a team to solve the problem and reduce the debt collection times exceeding the schedule according to the details mentioned above. The company had the time in selling goods on the average longer due to several domestic customers requested to postpone the delivery schedule by the reason of the installation was not ready or expanded the project schedule. But some foreign customers requested to postpone the delivery schedule due to there was a change in the import rule and they had to prepare an additional document or permit, so they had to postpone the delivery, and the company had the inventory in a number of finished goods

When considering the cash flow statement found that at the end of 2016 the company had the net cash flow increased by 209 million baht, an increase from the end of 2015 with the net cash flow derived from the activity operations of 290 million baht. Moreover, the company has the net cash flow to be used in the investment activity (38) million baht. Most were used to purchase permanent assets such as machinery, cars and office appliances. The cash flow used on the cash activity (42) million baht to repay the creditors according to the rehabilitation plan mostly.

9. Debt Burden outside the Balance Sheet

At the end of 2016 the company had the burden on the bank guarantee of 207.36 million baht and US\$ 0.15 million respectively divided into:

1. A bank guarantee for the use of utility in the amount of 2.11 million baht for the application to use electricity, which is in accordance with the rule of the Metropolitan Electricity Authority.
2. A bank guarantee for opening a credit with the seller in the amount of 5.79 million baht, so the seller can give a trade credit to our company.

3. A bank guarantee to work in the project in the amount of 199.46 million baht and US\$ 0.15 million consisted of the various guarantees as follows:

- Bid bond: For bidding which shall be refunded after the bid result is announced.
- Prepayment bond: For a prepaid guarantee from the customer.
- Performance bond: For a work guarantee during working for the customer.
- Warranty guarantee: For the guarantee in lieu of the retention money deducted by the customer from the wages and shall be refunded after completing the warranty period, and it can help our company to receive the cash faster.

Audit Committee Report for the year 2016

The Audit Committee of Patkol Public Company Limited consists of three independent directors who are knowledgeable and have expertise and experience in the finance, legal matters and organizational administration. The three independent directors include Mr. Suchart Suksumitr, acting as Chairman of the Audit Committee, Mr. Veerachai Srikhajorn and Mr. Preecha Chantrangkul, acting as audit committee members. All three members of the Audit Committee have strong knowledge and experience in auditing the creditability of financial statements.

In 2016, the Audit Committee has performed its duties as assigned by the Board of Directors, which was consistent with the requirements of the Stock Exchange of Thailand. Total of 5 meetings of the Audit Committee had been convened and the discussion had been made with the management, internal comptrollers and auditors on related matters in which material context of the operation can be summarized as follows:

1. Audit of Financial Report

The Audit Committee has reviewed quarterly financial statements and annual financial statements of Patkol Public Company Limited with the auditors on a quarterly basis by asking the auditors' comment and observation on the audit of financial statements in order to ensure that financial statements have been accurately prepared, legal requirements and generally accepted accounting standards have been complied with when preparing financial statements in accordance with international standards, and information has been disclosed in the financial statements adequately and timely for the benefit of investors and users of financial statements.

In addition, the Audit Committee has commented on the preparation of discussion and analysis report by the management in order to provide clear information and analysis on overall operation and factors that may affect the operation in all aspects

2. Review of Internal Control System

The Audit Committee has reviewed to ensure that Patkol Public Company Limited will have internal control system and internal monitoring system that are adequate, appropriate and effective, and has also summarized and presented significant issues to the Board of Directors.

3. Review of Compliance with applicable Laws and Regulations.

The Audit Committee has reviewed to ensure that Patkol Public Company Limited and its subsidiaries comply with the laws on securities and stock exchange, requirements of the Stock Exchange

of Thailand and/or laws relating to business operation of the Company. Furthermore, the Audit Committee has acknowledged report on the compliance with the laws relating to business operation of Patkol Public Company Limited and its subsidiaries, as well as auditing result on the compliance with applicable laws and regulations from auditing agency. The Audit Committee has provided useful comments to ensure that there will be process to monitor the compliance with applicable laws and regulations in an effective manner, and ensure that subsidiaries of Patkol Public Company Limited will completely comply with applicable laws and regulations.

4. Monitoring of Internal Audit

The Audit Committee has approved the plan on the annual audit of the audit agency by using the guidelines on the audit of the risk evaluation, which is consistent with the important risks and the direction of the operations of Patkol Public Company Limited including the review of the results on the site audit, counting the inventory and verification of the deferred debtors. It has considered the issues on the important audits continuously, including the follow-up on the improvement regularly. However, the internal audit unit is an independent agency, focusing on the preventive audit with sufficient efficiency and effectiveness to meet the international standards.

Moreover, it has reviewed the charter of the audit committee annually, including the consideration on sufficiency of the manpower of the internal audit unit.

5. Consideration to propose for the appointment of auditor of Patkol Public Company Limited and meeting with the auditor

The Audit Committee has considered proposing the appointment of Karin Audit Company Limited as the auditor of Patkol Public Company Limited, and has also considered proposing remuneration for year 2017. Moreover, the Audit Committee has convened meeting with auditor and auditing agency without management participation in order to acknowledge the auditing plan of the auditor, as well as problems or obstacles for auditing operation so that improvement guidelines can be suggested. In 2016 and 4 meetings had been convened.

The Audit Committee has conducted the operation carefully, and has offered comments and suggestions that helped promoting good corporate governance, and for the benefit of the Company's operation, as well as for the interest of all shareholders and stakeholders.

For the operation being carried out in 2016 as mentioned above, the Audit Committee's opinion can be concluded as follows:

- The Company's accounting and financial reporting systems are accurate, credible, and disclose significant information completely, sufficiently and timely.
- The Company's internal control system is adequate and suitable; improvement on the internal control system has been carried out regularly to suit the Company's business operation at present and in the future, and is consistent with applicable laws and regulations.
- Karin Audit Company Limited which is the Company's auditor, is independent and experienced in the audit of financial reports in which it can be assured that the Company's financial reports will be accurate, credible, and disclose significant information completely, sufficiently and timely.
- From reviewing related transactions or transactions with potential conflict of interest, the Audit Committee views that the Company has disclosed accurate and complete information, and those transactions have suitable condition and fair price which have been approved by the management or the Board of Directors in advance.

20 February 2017

On behalf of the Audit Committee



(Mr. Suchart Suksumit)

Chairman of Audit Committee

The Company's Board of Directors is responsible for Financial Statements of the Company and its subsidiaries including financial information appearing in the Annual Financial Report. Such Financial Statements are prepared in accordance with the generally accepted accounting standards with the selection of and consistent compliance with appropriate accounting policy. Discretion and estimation had been exercised at the best in the preparation of these statements with sufficient disclosure of significant information in the Notes to the Financial Statements, for the best benefit of shareholders and investors in general transparently.

The Company's Board of Director has caused to avail Risk Management System, to establish and maintain the suitable and effective Internal Control System in order to reasonably ensure that the accounting data are accurate and complete in nature and adequate to maintain the assets as well as to prevent any corruptions or irregularities to occur.

In this respect, the Audit Committee the members of which are independent directors has performed duties in verifying the accounting policy and quality of the financial report, the internal control system, internal audit system, risk management system, as well as making a consideration on data disclosures on the connected transactions which, in this connection, the opinions of the Audit Committee in relation to this matter have appeared in the Internal Audit Committee Report which have already been disclosed in the Annual Report.

Financial Statements of the Company and its subsidiaries are audited by Karin Audit Co., Ltd., which is the Company's independent auditor. In auditing, the Company's Board of Directors and the Management provide supports on the aspects of various data and documents in order to enable the auditor to audit and express opinions in accordance with the auditing standard which, in this respect, the auditor's opinions will appear in the Report of Independent Auditor shown in the Annual Report.

Yet, the Company's Risk Management Committee had assessed the sufficiency of the internal control system and the connected transactions was of the opinion that the overall Company's internal control system was at the satisfactory level and could reasonably build the confidence that the Financial Statements of the Company and its subsidiaries for the year then ended 31 December 2016 were reliable and adhered to the generally accepted accounting standard and practiced properly in accordance with related law and regulations.



Assoc. Prof. Dr. Somchob Chaiyavej
Chairman of the Board



Mr. Sangchai Chotchuangchuchaval
Director and Chief Executive Officer

Independent Auditor's Report

To The Shareholders of Patkol Public Company Limited

Opinion

I have audited the financial statements of Patkol Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position and as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of Patkol Public Company Limited and its subsidiaries and Patkol Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Revenue recognized under the percentage of completion

Risk

The Company's business features that reflect the risk of the contract, which requires significant judgment in evaluating the financial performance of both present and future contracts. Revenue and profits are recognized on completion of the contract for each contract with calculating the proportion of the total cost incurred up to the date of the financial statements compared to estimated total cost of the contract. The status of the contracts are always evaluated and adjusted to a constant current. In this regard, the management must exercise judgment in assessing the value of the contract, completeness and accuracy of cost estimates until the job will be completed and the ability to work under contract to be completed within the planned deadlines. Profits and losses, be possible in most of the contracts, may be calculated out many of the quite wide ranges and such ranges may be significant. In addition, changes in management's judgment and changes in estimates involved that occurs when contracts be progressing steadily may significantly result in improved revenue and profit, which may be either an increase or decrease in revenue and profit.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- evaluated and tested the design of control systems and navigation control used for the recognition of revenue and profit from the contract.
- tested control to determine whether the control has been effective in practice all year round.
- selected contracts by sampling to check that the accuracy of the results of operations based on present and future contracts, as follows, assessed the reasonableness of the estimated costs until completion, assessed ability to deliver on time according to the schedule plan, evaluated the repayment of debt from receivable under contract, reviewed the loss and cost of job to be incurred until the job on completion and including assessment of the allowance for losses on contracts.

Based on the above audit procedures, I have found no significant difference on revenue recognition in any project that does not meet the conditions in the agreement.

Other matters

The statement of financial position of Patkol Public Company Limited which the accompanying consolidated and separate statement of financial position as at December 31, 2015, the consolidated and separate statement comprehensive income, change in equity and cash flow for the year ended December 31, 2015, which have been presented here with for comparative purposes were audited by another auditor in my firm, Whose report dated on February 29, 2016 expressed an unqualified opinion.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr.Jirote Sirirorote

(Mr.Jirote Sirirorote)

Certified Public Accountant (Thailand) No. 5113

Karin Audit Company Limited

February 23, 2017

PATKOL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS
DECEMBER 31, 2016
AND AUDITOR'S REPORT

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

		(In Baht)			
		Consolidated		Separated	
		December 31,	December 31,	December 31,	December 31,
Notes		2016	2015	2016	2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	596,221,339	387,237,988	506,679,198	349,379,253
Trade and other accounts receivable - net	6	584,473,552	549,073,842	529,438,848	477,064,536
Trade and other accounts receivable - related parties - net	31.3	-	406,802	174,798,553	153,532,343
Unbilled trade accounts receivable - net	8	267,236,846	261,238,425	250,034,303	238,027,433
Short - term loans and accrued interest income					
- related parties - net	31.3	-	-	282,268,994	377,727,288
Inventories - net	9	683,641,661	639,215,797	304,764,151	293,422,126
Other current assets					
Retentions receivable - net	10	39,339,439	46,388,748	34,945,146	39,856,532
Deposit and warranties		14,726,266	9,911,526	13,167,396	8,960,156
Others		8,770,857	19,257,277	3,900,131	16,705,997
Total current assets		2,194,409,960	1,912,730,405	2,099,996,720	1,954,675,664
NON - CURRENT ASSETS					
Installments receivable - net	7	-	-	-	-
Deposit at bank with commitment		11,238,645	13,038,420	6,093,131	6,049,696
Investments in subsidiaries - net	11	-	-	158,467,442	146,748,025
Investment property - net	12	44,055,806	44,055,806	20,843,481	20,843,481
Property, plant and equipment - net	13	1,132,198,535	1,168,982,137	858,766,822	882,327,654
Intangible assets - net	14	93,081,293	95,098,781	90,631,767	94,465,913
Deferred tax assets	15	71,207,033	91,862,502	55,428,990	76,457,890
Other non - current assets					
Withholding income tax		67,042,925	60,345,991	64,915,502	57,750,137
Others		1,707,596	11,200	1,663,080	-
Total non - current assets		1,420,531,833	1,473,394,837	1,256,810,215	1,284,642,796
TOTAL ASSETS		3,614,941,793	3,386,125,242	3,356,806,935	3,239,318,460

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

		(In Baht)			
		Consolidated		Separated	
		December 31,	December 31,	December 31,	December 31,
		2016	2015	2016	2015
	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short - term loans					
from financial institutions	16	110,131,122	52,831,167	8,259	498,450
Trade and other accounts payable		404,946,573	349,557,039	234,056,795	208,474,377
Trade and other accounts payable - related parties	31.3	-	-	133,981,153	179,556,819
Current portion of long - term loans from financial institutions	17	924,000	-		-
Current portion of liabilities under financial lease agreements	18	2,798,404	1,484,891	439,957	-
Current portion of liabilities under debt restructuring plan	19	99,246,315	96,956,798	100,318,876	97,580,164
Current portion of liabilities under debt restructuring agreement	20	17,101,419	17,928,621	-	-
Other current liabilities					
Collections in excess of earned revenues		609,356,430	483,080,883	606,104,580	481,939,494
Provision for liabilities		20,095,540	23,041,367	18,924,705	20,611,933
Retentions		34,661,979	31,442,889	25,127,821	26,780,191
Others		63,236,163	69,358,395	60,037,054	62,701,432
Total current liabilities		1,362,497,945	1,125,682,050	1,178,999,200	1,078,142,860
NON - CURRENT LIABILITIES					
Long - term loans from financial institutions - net	17	4,229,000	-	-	-
Liabilities under finance lease agreements - net	18	4,881,052	2,963,604	1,726,721	-
Liabilities under debt restructuring plan - net	19	415,685,099	516,527,208	420,375,006	522,289,674
Liabilities under debt restructuring agreement - net	20	63,570,863	77,083,709	-	-
Deferred tax liabilities	15	133,216,909	133,084,161	116,723,490	118,312,376
Employee benefit obligations	21	124,840,501	106,428,267	86,641,301	74,211,268
Total non - current liabilities		746,423,424	836,086,949	625,466,518	714,813,318
TOTAL LIABILITIES		2,108,921,369	1,961,768,999	1,804,465,718	1,792,956,178

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONT.)

		(In Baht)			
		Consolidated		Separated	
		December 31,	December 31,	December 31,	December 31,
Notes		2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
SHAREHOLDERS' EQUITY					
Share capital					
Authorised share capital					
	79,487,456 preferred shares of Baht 1 each	23	79,487,456	79,487,456	79,487,456
	520,756,281 common shares of Baht 1 each	23	520,756,281	520,756,281	520,756,281
Issued and paid - up share capital					
	79,487,456 preferred shares of Baht 1 each	23	79,487,456	79,487,456	79,487,456
	414,607,781 common shares of Baht 1 each	23	414,607,781	414,607,781	414,607,781
	Warrants	23	111,455,925	111,455,925	111,455,925
	Premium on preferred shares		4,555,919	4,769,247	4,769,247
	Premium on common shares		8,542,665	8,542,665	8,542,665
	Discount on common shares		(22,088,943)	(22,088,943)	(22,088,943)
Company's shares held by a subsidiary					
	Preferred shares	24	(3,555,477)	-	-
	Common shares	24	-	-	-
Retained earnings (deficit)					
	Appropriated - legal reserve	26	58,267,210	58,267,210	52,755,178
	Unappropriated		355,031,916	431,952,834	328,096,556
Other components of shareholders' equity					
	Revaluation surplus on fixed assets	25	492,121,366	465,347,042	468,736,417
	Differences from translation of financial statements				
	in foreign currency		(749,898)	-	-
	Total attributable to owners of the parent		1,497,675,920	1,552,341,217	1,446,362,282
	Non - controlling interest		8,344,504	-	-
TOTAL SHAREHOLDERS' EQUITY			1,506,020,424	1,552,341,217	1,446,362,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			3,614,941,793	3,356,806,935	3,239,318,460

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016

		(In Baht)			
		Consolidated		Separated	
	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Revenue from sales and rendering services		3,712,770,062	3,551,023,297	3,419,255,877	3,248,951,279
Cost of sales and rendering services		(2,762,789,916)	(2,700,795,198)	(2,617,773,129)	(2,509,462,918)
Gross profit		949,980,146	850,228,099	801,482,748	739,488,361
Other income		25,563,736	32,779,250	53,315,184	73,492,522
Income before expenses		975,543,882	883,007,349	854,797,932	812,980,883
Selling expenses		(289,902,133)	(258,667,804)	(256,429,448)	(228,678,443)
Administrative expenses		(483,675,822)	(390,232,378)	(383,789,911)	(297,402,218)
Directors' remuneration		(7,459,600)	(7,489,600)	(7,047,600)	(7,097,600)
Managements' remuneration	31.4	(53,086,907)	(41,992,344)	(48,630,587)	(38,220,494)
Total expenses		(834,124,462)	(698,382,126)	(695,897,546)	(571,398,755)
Profit before financial cost		141,419,420	184,625,223	158,900,386	241,582,128
Finance cost		(29,060,225)	(30,883,119)	(20,828,537)	(21,486,161)
Profit before income tax		112,359,195	153,742,104	138,071,849	220,095,967
Income tax	29	(29,794,863)	(44,299,116)	(27,831,207)	(42,854,471)
Profit for the years		82,564,332	109,442,988	110,240,642	177,241,496
Other comprehensive income :					
Items that will be reclassified to profit or loss					
Differences from translation of financial statements					
in foreign currency		(749,898)	-	-	-
Items that will never be reclassified to profit or loss					
Depreciation of revaluation surplus on fixed assets		(3,389,375)	(3,132,068)	(3,389,375)	(3,132,068)
Revaluation surplus on fixed assets		-	223,963,914	-	211,271,363
Defined benefit plan actuarial losses	21	(6,275,291)	(9,159,210)	(4,261,707)	(5,533,110)
Total other comprehensive income for the year		(10,414,564)	211,672,636	(7,651,082)	202,606,185
Total profit and other comprehensive income for the year		72,149,768.00	321,115,624	102,589,560.00	379,847,681
Profit attributable to :					
Owners of the parent		84,219,333	112,129,253	110,240,642	177,241,496
Non - controlling interest		(1,655,001)	(2,686,265)	-	-
		<u>82,564,332</u>	<u>109,442,988</u>	<u>110,240,642</u>	<u>177,241,496</u>
Total profit and other comprehensive income attributable to :					
Owners of the parent		73,804,769	323,801,889	102,589,560	379,847,681
Non - controlling interest		(1,655,001)	(2,686,265)	-	-
		<u>72,149,768</u>	<u>321,115,624</u>	<u>102,589,560</u>	<u>379,847,681</u>
Basis earnings per share of the parent	28				
Net profit (Baht per share)		0.20	0.27	0.27	0.43
Weighted average number of common shares (shares)		<u>414,607,781</u>	<u>412,207,781</u>	<u>414,607,781</u>	<u>414,607,781</u>
Diluted earnings per share of the parent	28				
Net profit (Baht per share)		0.16	0.22	0.21	0.34
Weighted average number of common shares (shares)		<u>519,754,880</u>	<u>517,354,880</u>	<u>519,754,880</u>	<u>519,754,880</u>

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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016

(In Baht)															
(In Baht)															
Consolidated															
Attributions to owners of the parent															
Note	Issued and paid - up share capital			Retained earnings (deficit)						Other components shareholders' of equity					
	Preferred shares	Common shares	Warrant	Premium on preferred shares	Premium on common shares	Discount on common shares	Company's shares held by a subsidiary	Appropriated - legal reserve	Unappropriated	Differences from translation of financial statements in foreign currency	Defined benefit plan actuarial losses	Revaluation surplus on fixed assets	Total other components of shareholders' equity	Non - controlling interest	Total
Balance as at January 1, 2015	79,487,456	414,607,781	111,455,925	4,555,919	8,398,665	(22,088,943)	(5,955,477)	43,893,103	185,102,563	-	-	274,678,895	274,678,895	7,845,044	1,101,980,931
Total profit and other comprehensive income for the year	-	-	-	-	-	-	-	8,862,075	103,267,178	-	(9,159,210)	220,831,846	211,672,636	(1,426,577)	322,375,312
Balance as at December 31, 2015	79,487,456	414,607,781	111,455,925	4,555,919	8,398,665	(22,088,943)	(5,955,477)	52,755,178	288,369,741	-	(9,159,210)	495,510,741	486,351,531	6,418,467	1,424,356,243
Legal reserve	-	-	-	-	-	-	-	5,512,032	(5,512,032)	-	-	-	-	-	-
Disposal investment	-	-	-	-	144,000	-	2,400,000	-	-	-	-	-	-	-	2,544,000
Increase in share capital of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	3,581,038	3,581,038
Total profit and other comprehensive income for the year	-	-	-	-	-	-	-	-	87,608,708	(749,898)	(6,275,291)	(3,389,375)	(10,414,564)	(1,655,001)	75,539,143
Balance as at December 31, 2016	79,487,456	414,607,781	111,455,925	4,555,919	8,542,665	(22,088,943)	(3,555,477)	58,267,210	370,466,417	(749,898)	(15,434,501)	492,121,366	475,936,967	8,344,504	1,506,020,424

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016

(In Baht)											
(In Baht)											
Separated											
Issued and paid - up share capital				Retained earnings (deficit)					Other components of equity		
Note	Preferred shares	Common shares	Warrant	Premium on preferred shares	Premium on common shares	Discount on common shares	Appropriated - legal reserve	Unappropriated	Defined benefit plan actuarial losses	Revaluation surplus on fixed assets	Total
Balance as at January 1, 2015	79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	43,893,103	165,250,245	-	260,597,122	1,066,514,601
Total profit and other comprehensive income for the year	-	-	-	-	-	-	8,862,075	168,379,421	(5,533,110)	208,139,295	379,847,681
Balance as at December 31, 2015	79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	52,755,178	333,629,666	(5,533,110)	468,736,417	1,446,362,282
Legal reserve	-	-	-	-	-	-	5,512,032	(5,512,032)	-	-	-
Total profit and other comprehensive income for the year	-	-	-	-	-	-	-	113,630,017	(4,261,707)	(3,389,375)	105,978,935
Balance as at December 31, 2016	79,487,456	414,607,781	111,455,925	4,769,247	8,542,665	(22,088,943)	58,267,210	441,747,651	(9,794,817)	465,347,042	1,552,341,217

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016

		(In Baht)			
		Consolidated		Separated	
	Notes	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		112,359,195	153,742,104	138,071,849	220,095,967
Adjustments					
Depreciation		71,554,124	70,318,677	48,400,737	39,950,009
Amortized intangible assets		11,583,078	2,240,841	11,156,067	1,824,133
Bad debt and doubtful accounts		16,167,861	8,472,412	7,669,384	(10,134,437)
Loss of investment in subsidiaries		-	-	676,642	-
(Gain) on disposal of investments in subsidiaries		(4,992,000)	-	-	-
Loss on impairment of investment (Reversal)		-	-	(500,000)	-
Loss on declining in value of inventories (reversal)		5,398,249	(3,936,605)	2,853,321	(3,319,033)
(Gain) Loss on sale of fixed assets		(336,059)	5,155,820	(545,766)	5,062,584
Loss on impairment of fixed assets (reversal)		-	9,663,208	-	3,381,448
Loss on sale of Intangible assets		8	-	8	-
Unrealized (gain) loss on exchange rate		(1,242,953)	(2,444,758)	(1,224,387)	(2,497,700)
Provision for liabilities (reversal)		(2,945,827)	3,695,149	(1,687,228)	4,722,582
Employee benefit expenses		12,136,943	10,874,057	8,168,326	7,355,722
Amortized income tax		21,658	-	-	-
Interest income		(3,897,935)	(3,750,322)	(23,505,600)	(26,345,168)
Interest expenses		29,060,225	30,883,119	20,828,537	21,486,160
Profit (loss) from operating before changes in operating assets and liabilities		244,866,567	284,913,702	210,361,890	261,582,267
Changes in operating assets (increase) decrease					
Trade and other accounts receivable		(50,676,940)	153,073,606	(58,441,176)	139,466,123
Trade and other accounts receivable - related parties		406,802	(65,037)	(21,266,210)	9,292,002
Installments receivable		-	30,000	-	30,000
Unbilled trade accounts receivable		(5,506,793)	(16,088,877)	(12,269,881)	(14,029,876)
Inventories		(49,824,113)	(118,255,589)	(14,195,347)	(116,402,356)
Other current assets		13,067,053	(27,814,035)	13,686,495	(28,371,313)
Other non - current assets		(1,696,396)	-	(1,663,080)	-
Changes in operating liabilities increase (decrease)					
Trade and other accounts payable		55,250,174	(61,278,043)	25,467,296	(41,435,451)
Trade and other accounts payable - related parties		-	(9,309)	(45,575,666)	133,751,655
Collection in excess of earned revenues		126,275,547	1,746,000	124,165,086	3,464,369
Other current liabilities		(3,262,858)	15,391,497	(4,316,748)	10,784,314

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2016

		(In Baht)			
		Consolidated		Separated	
	Notes	2016	2015	2016	2015
Cash received (paid) from operating		328,899,043	231,643,915	215,952,659	358,131,734
Cash received from interest		3,897,935	3,750,322	7,963,895	3,612,078
Cash paid for interest		(28,228,347)	(30,053,513)	(19,996,659)	(20,656,555)
Cash paid for income tax		(14,445,813)	(18,326,038)	(14,709,214)	(16,977,518)
Cash paid for employee benefit obligation		-	(1,747,000)	-	(1,413,700)
Net cash provided by operating activities		290,122,818	185,267,686	189,210,681	322,696,039
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) decrease in deposits at bank with commitment		1,799,775	6,370,140	(43,435)	(49,225)
Decrease in investment		-	100,000,000	-	100,000,000
Increase in short - term loans to related parties		-	-	(25,000,000)	(435,000,000)
Cash received from short - term loans to related parties		-	-	136,000,000	298,000,000
Cash received from sales of fixed assets		1,637,196	1,074,449	1,523,178	433,542
Cash received from sales intangible assets		38,195	-	38,195	-
Cash received from investments		-	-	573,133	-
Cash paid for purchase of fixed assets		(32,286,947)	(114,015,683)	(24,462,603)	(96,098,783)
Cash paid for purchase of intangible assets		(9,603,793)	(31,715,082)	(7,360,124)	(31,405,802)
Cash paid for investments in subsidiaries		-	-	(12,469,192)	(26,999,400)
Net cash provided by (used in) investing activities		(38,415,574)	(38,286,176)	68,799,152	(191,119,668)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in bank overdrafts and short - term loans from financial institutions		57,299,955	(19,476,161)	(490,190)	(1,293,578)
Cash received for shares from minority shareholders		3,509,248	-	-	-
Cash received for disposal of investments in subsidiaries		7,392,000	-	-	-
Cash received from long - term loans from financial institutions		6,000,000	-	-	-
Cash paid for long - term loans from financial institutions		(847,000)	-	-	-
Paid for liabilities under debt restructuring plan		(99,240,471)	(138,312,109)	(100,007,836)	(139,144,053)
Paid for liabilities under debt restructuring agreement		(14,340,048)	(15,587,485)	-	-
Paid for liabilities under finance lease agreement		(1,747,679)	(883,989)	(211,862)	-
Net cash provided by (used in) financing activities		(41,973,995)	(174,259,744)	(100,709,888)	(140,437,631)
Differences from translation of financial statements in foreign currency		(749,898)	-	-	-
Net increase (decrease) in cash and cash equivalents		208,983,351	(27,278,234)	157,299,945	(8,861,260)
Cash and cash equivalents, beginning of year	5	387,237,988	414,516,222	349,379,253	358,240,513
Cash and cash equivalents, ending of year	5	596,221,339	387,237,988	506,679,198	349,379,253

Supplementary cash flows information

In 3rd quarter 2016, the Company has entered into a finance lease agreement with respect to purchase of vehicle by Baht 2.20 million

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

1. GENERAL INFORMATION

- 1.1 The Company was incorporated as a limited company on November 28, 1965 with registration no. 372/2508 and changed to a public limited company on June 28, 1993 with registration No. 0107536000587.
- 1.2 The Company's office is located at 348 Chalermprakit Rama 9 Road, Nongbon, Pravate, Bangkok 10250, and factory is located at 79/1 Moo 14, Soi King Kaew 33 Rachathewa, Bang Phli, SamutPrakan 10540.
- 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.
- 1.4 The Company has representative offices in 4 countries, namely Philippines, Indonesia, Malaysia and Vietnam.
- 1.5 The Company has branches in 5 namely Khon Kaen, Surat Thani, King Kaew, Charoen Nakhon and Lumphun.

2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at December 31, 2016 and 2015, 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 (%)		Nature of business
	As at December 31, 2016	As at December 31, 2015	
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	Sale of the electric system equipment, spare part for industrial refrigeration and ice making industry.
S Panel Co., Ltd.	80.00	80.00	Manufacture and import foam plate and equipment for cold room business.
Heataway Co., Ltd.	99.99	99.99	Sale of evaporative condenser, spare parts and equipment for evaporative condenser.
Patkol Philippines Corporation Co., Ltd.	60.00	-	Machinery and project sales representative, including providing machinery installation and maintenance services in Philippine.
Indonesia Patkol Service Corporation Co.,Ltd.	99.00	-	Machinery installation and maintenance services in Indonesia.
Patkol R & D Co., Ltd.*	-	99.98	Research and development in applied technology and related fields.
Siam Patkol Co., Ltd.**	99.98	99.98	Manufacture and sale of the cooling system equipment.

(39.99% of share capital held by Patkol Plc. And 60% of share capital held by Patkol Trading Co., Ltd.)

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

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.

* Deregistered company at October 31, 2016

** Stop operation

3. PREPARATION OF FINANCIAL STATEMENTS BASIS AND SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

3.1 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

3.2 Significant accounting policies

Revenues and expenses recognition

- Revenues and expenditures are recognized on an accrual basis.
- 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.
- 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.
- 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.

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.

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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

Inventories

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

- Finished goods and work in process are recorded on a specific method.
- Raw material, spare and supplies are recorded on a moving average method.

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.

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.

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.

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 and subsidiaries has selected the cost model for accounting for its investment properties.

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’

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

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.

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.

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.

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, 2016

Transaction in foreign currencies

The Company and subsidiaries 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 financial statements 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.

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.

Operating lease - where the Company and subsidiaries are the lessee

The Company and subsidiaries records 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.

Operating lease - where the Company and subsidiaries are the lessor

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

Employee's benefit

- 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.

- Employee benefit

Short - term employee benefits

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

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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

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.

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.

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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

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.

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.

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.

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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

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.

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).

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.

4. 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.

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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

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 21
Discount rate, salary increase rate, employee turnover rate and mortality rate.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

5. CASH AND CASH EQUIVALENTS

Consist of:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Cash	1,189	863	1,007	669
Cash at bank - current accounts	88,321	73,394	69,266	65,294
Cash at bank - saving accounts	506,660	312,930	436,406	283,416
Cash at bank - fixed deposit				
(Within three months)	51	51	-	-
Total	596,221	387,238	506,679	349,379

Cash and cash equivalents are denominated and without obligation.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE - NET

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Trade accounts receivable	647,396	594,324	590,157	532,865
<u>Less</u> Allowance for doubtful accounts	(105,160)	(91,035)	(92,680)	(85,258)
Trade accounts receivable - net	542,236	503,289	497,477	447,607
Other accounts receivable				
Prepaid expenses	49,149	49,962	35,095	31,956
Advance	2,617	2,816	869	1,519
<u>Less</u> Allowance for doubtful accounts	(9,528)	(6,994)	(4,002)	(4,018)
Total other accounts receivable	42,238	45,784	31,962	29,457
Total trade and other accounts receivable - net	584,474	549,073	529,439	477,064

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

Trade accounts receivable are classified by aging as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Undue :				
- Normal	329,180	213,973	305,777	187,051
Overdue :				
- Not over 3 months	179,049	241,585	159,461	222,308
- Over 3 months to 6 months	20,316	35,353	16,271	27,139
- Over 6 months to 12 months	6,653	14,003	6,058	11,551
- Over 12 months	33,944	7,832	31,956	4,117
Debt acceptance	651	651	651	651
Under legal action	77,603	80,927	69,983	80,048
Total	647,396	594,324	590,157	532,865
<u>Less</u> Allowance for doubtful accounts	(105,160)	(91,035)	(92,680)	(85,258)
Total trade accounts receivable - net	542,236	503,289	497,477	447,607

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Beginning balance	91,035	110,993	85,258	106,949
Written - off bad debt	-	(28,961)	-	(28,961)
Increase (decrease) - net	14,125	9,003	7,422	7,270
Ending balance	105,160	91,035	92,680	85,258

As at December 31, 2016 and 2015 allowance for doubtful in the consolidated increase amount of Baht 14.13 million and 9.00 million respectively and the separated increase amount of Baht 7.42 million and 7.27 million respectively.

In year 2015, two trade receivable amount by Baht of 28.96 million has been terminate the contract, and written - off in full amount.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

7. INSTALLMENTS RECEIVABLE - NET

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Under legal action	30,528	30,528	30,528	30,528
<u>Less</u> Allowance for doubtful accounts	(30,528)	(30,528)	(30,528)	(30,528)
Net	-	-	-	-

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Beginning balance	30,528	30,558	30,528	30,558
Increase (Decrease) - net	-	(30)	-	(30)
Ending balance	30,528	30,528	30,528	30,528

8. UNBILLED TRADE RECEIVABLE - NET

Consist of:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Unbilled trade receivable	285,731	280,224	268,200	255,929
<u>Less</u> Allowance for doubtful accounts	(18,494)	(18,986)	(18,166)	(17,902)
Net	267,237	261,238	250,034	238,027

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Beginning balance	18,986	18,941	17,902	17,469
Increase (decrease) - net	(492)	45	264	433
Ending balance	18,494	18,986	18,166	17,902

9. INVENTORIES - NET

Consist of:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Finished goods	85,354	104,211	14,241	14,171
Raw materials, spare parts and supplies	483,163	446,624	249,337	259,123
Work in process	119,970	96,194	44,141	26,842
Goods in transit	18,848	10,482	9,089	2,476
Total	707,335	657,511	316,808	302,612
<u>Less</u> Allowance for declining in value of inventories	(23,693)	(18,295)	(12,044)	(9,190)
Net	683,642	639,216	304,764	293,422

Allowance for declining in value of inventories have changed during the years are as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Beginning balance	18,295	22,231	9,190	12,509
Increase (decrease) - net	5,398	(3,936)	2,854	(3,319)
Ending balance	23,693	18,295	12,044	9,190

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

10. RETENTIONS RECEIVABLE - NET

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Retentions receivable	40,438	47,487	36,044	40,955
<u>Less</u> Allowance for doubtful accounts	(1,099)	(1,099)	(1,099)	(1,099)
Net	39,339	46,388	34,945	39,856

11. INVESTMENTS IN SUBSIDIARIES - NET

Consist of :

Company	Paid - up capital		Proportion of investment		Cost method (Thousand Baht)		Dividend income (In Thousand Baht)	
	(Million Baht)		(%)				For the years ended	
	As at	As at	As at	As at	As at	As at	December	December
	December	December	December	December	December	December	December	December
	31, 2016	31, 2015	31, 2016	31, 2015	31, 2016	31, 2015	31, 2016	31, 2015
Subsidiaries :-								
- Patkol Manufacturing Co., Ltd.	100.00	100.00	99.99	99.99	99,999	99,999	-	-
- Siam Patkol Co., Ltd.	2.50	2.50	39.99	39.99	1,000	1,000	-	-
- Patkol Trading Co., Ltd.	30.00	30.00	99.98	99.98	29,999	29,999	-	-
- Patkol R & D Co., Ltd.*	-	1.25	-	99.98	-	1,250	-	-
- S Panel Co., Ltd.	10.00	10.00	80.00	80.00	8,000	8,000	-	-
- Heataway Co., Ltd.	10.00	10.00	99.99	99.99	9,999	9,999	-	-
- Patkol Philippines Corporation Co., Ltd.	5.36	-	60.00	-	5,362	-	-	-
- Indonesia Patkol Service Corporation Co.,Ltd.	7.11	-	99.00	-	7,107	-	-	-
<u>Less</u> Allowance for impairment of investments					(2,999)	(3,499)	-	-
Total investments in subsidiaries - net					158,467	146,748	-	-

*Deregistered company.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

The aforementioned subsidiaries' financial statements As at December 31, 2016 and 2015, brought into the preparation of consolidated financial statements were reviewed and audited by the auditor already.

The Board of Directors' Meeting No. 4/2016 which was held on 14 November 2016, passed the resolution on approving the connected transaction between Siam Patkol Co., Ltd. intends to sell common shares ("Shares PK") that holding the cross in the Company a subsidiary of the Company holds 2.4 million shares. It sells to directors and executives. This transaction is necessity for comply with the law for the cross-shareholdings and the selling price in seasonable.

As the Extraordinary General Meeting of Shareholders of Patkol Philippines Corporation No. 1/2016 held on September 23, 2016, approved the implementation of the Company's dissolution and liquidation, effective on October 5, 2016. And Dissolution of the Company on October 10, 2016.

The Board of Director's Meeting No. 2/2016, held on March 13, 2016 resolved approve in establishment of new subsidiary company in Malaysia, authorized share capital MYR 1 million or approximately Bath 9 million, as 100% paid - up capital (MYR 1 million)

As the Board of Directors meeting No. 4/2015, held on August 11, 2015 resolved to approve in the establishment of new subsidiary company inIndonesia, authorized share capital IDR 5,474.80 million or approximately Bath 15.28 million, as paid - up capital (IDR 2,737.40 million) and established on December 4, 2015. The Company holds 99% of issued and allotted shares for 200 shares, equivalent to IDR 2,737.40 million and on December 16, 2016, the Company paid the share proportion amounting Bath 7.11 million.

As the Board of Directors meeting No. 4/2015, held on August 11, 2015 resolved to approve in the establishment of new subsidiary company in Philippines, authorized share capital PHP 23.50 million or approximately Bath 17.92 million, as 50% paid - up capital (PHP 11.75 million) and established on February 24, 2016. The Company holds 60% of issued and allotted shares for 70,500 shares, equivalent to PHP 7.05 million and on August 18, 2016, the Company paid the share proportion amounting Bath 5.36 million.

The Board of Directors' Meeting held on August 11, 2015 resolved to increase the registered capital of a subsidiary company - Patkol Trading Company Limited, from the registered capital of Baht 3,000,000 to Baht 30,000,000, by issuing 270,000 new common shares at a par value of Baht 100 each. The subsidiary company registered share capital increasing on September 11, 2015.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

12. INVESTMENT PROPERTIES - NET

As at December 31, 2016 and 2015, investment property consist of non - performed land of the Company at (Suanluang, Rayong, Tark, and Kalasin provinces) and of the subsidiary (Cha-cheoy-saow) present by cost in the consolidated and separated amount of Baht 44.05 million and 20.84 million respectively, (appraised value Market method in the consolidated and separated amount of Baht 73.29 million and 34.86 million respectively), and used for guarantee of overdraft and short - term loans (Note 16) liabilities under rehabilitation plan (Note 19) and commitment and contingent liabilities (Note 34)

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

13. PROPERTY, PLANT AND EQUIPMENT - NET

Consist of :

	Consolidated (In Thousand Baht)									
	Land		Building and improvement		Machinery and	Machinery	Office		Assets in	Total
	Cost	Revaluation	Cost	Revaluation	equipment	for lease	equipment	Vehicles	progress	
Assets - cost										
As at December 31, 2015	112,015	513,357	511,612	128,906	294,601	270	101,973	122,428	27,250	1,812,412
Purchase	-	-	-	-	6,718	-	6,853	3,242	26,196	43,009
Disposal	-	-	-	-	(3,990)	-	(5,095)	(4,516)	(11,158)	(24,759)
Transfer in (Transfer out)	-	-	3,481	-	740	-	7,155	-	(6,633)	4,743
As at December 31, 2016	112,015	513,357	515,093	128,906	298,069	270	110,886	121,154	35,655	1,835,405
Accumulated depreciation										
As at December 31, 2015	-	-	(214,656)	(16,598)	(222,714)	-	(56,794)	(75,722)	-	(586,484)
Depreciation for the year	-	-	(9,037)	(4,237)	(20,064)	-	(19,961)	(19,101)	-	(72,400)
Depreciation for disposal	-	-	-	-	3,528	-	4,678	4,418	-	12,624
Depreciation for transfer out	-	-	-	-	-	-	-	-	-	-
As at December 31, 2016	-	-	223,693	(20,835)	(239,250)	-	(72,077)	(90,405)	-	(646,260)
Allowance for impairment of assets										
As at December 31, 2015	-	(3,325)	(15,949)	(37,087)	(585)	-	-	-	-	(56,946)
Increase	-	-	-	-	-	-	-	-	-	-
Decrease	-	-	-	-	-	-	-	-	-	-
As at December 31, 2016	-	(3,325)	(15,949)	(37,087)	(585)	-	-	-	-	(56,946)
Net book value of assets										
As at December 31, 2016	112,015	510,032	275,451	70,984	58,234	270	38,809	30,749	35,655	1,132,199

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

Consolidated (In 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, 2014	93,453	293,299	457,932	67,436	283,169	270	86,771	109,904	63,681	1,455,915
Purchase	-	220,058	-	61,470	12,389	-	11,942	13,064	92,949	411,872
Disposal	-	-	-	-	(25,483)	-	(8,894)	(542)	(20,153)	(55,072)
Transfer in (Transfer out)	18,562	-	53,680	-	24,526	-	12,154	2	(109,227)	(303)
As at December 31, 2015	112,015	513,357	511,612	128,906	294,601	270	101,973	122,428	27,250	1,812,412
Accumulated depreciation										
As at December 31, 2014	-	-	(199,650)	(12,683)	(221,378)	-	(50,226)	(57,812)	-	(541,749)
Depreciation for the year	-	-	(11,388)	(3,915)	(24,981)	-	(16,322)	(18,452)	-	(74,968)
Depreciation for disposal	-	-	(2,798)	-	23,555	-	8,859	542	-	30,158
Depreciation for transfer out	-	-	(820)	-	-	-	895	-	-	75
As at December 31, 2015	-	-	(214,656)	(16,598)	(222,714)	-	(56,794)	(75,722)	-	(586,484)
Allowance for impairment of assets										
As at December 31, 2014	-	-	(9,667)	(35,783)	(1,833)	-	-	-	(6,630)	(53,913)
Increase	-	(3,325)	(6,282)	(1,304)	-	-	-	-	-	(10,911)
Decrease	-	-	-	-	1,248	-	-	-	6,630	7,878
As at December 31, 2015	-	(3,325)	(15,949)	(37,087)	(585)	-	-	-	-	(56,946)
Net book value of assets										
As at December 31, 2015	112,015	510,032	281,007	75,221	71,302	270	45,179	46,706	27,250	1,168,982

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

	Separated (In Thousand Baht)									
	Land		Building and improvement		Machinery and equipment		Machinery for lease	Office equipment	Vehicles	Assets in progress
	Cost	Revaluation	Cost	Revaluation						Total
Assets - cost										
As at December 31, 2015	66,564	477,043	269,178	128,906	61,593	14,180	83,642	113,093	21,349	1,235,548
Purchase	-	-	-	-	2,169	-	4,674	3,146	21,694	31,710
Disposal	-	-	-	-	(3,990)	-	(4,914)	(3,550)	(10,834)	(23,288)
Transfer in (Transfer out)	-	-	-	-	98	-	6,595	-	(903)	5,790
As at December 31, 2016	66,564	477,043	269,178	128,906	59,897	14,180	89,997	112,689	31,306	1,249,760
Accumulated depreciation										
As at December 31, 2015	-	-	(153,450)	(20,028)	(46,337)	(14,180)	(46,444)	(67,567)	-	(348,006)
Depreciation for the year	-	-	(4,989)	(4,237)	(5,546)	-	(15,862)	(18,615)	-	(49,249)
Depreciation for disposal	-	-	-	-	3,528	-	4,497	3,451	-	11,476
Depreciation for transfer out	-	-	-	-	-	-	-	-	-	-
As at December 31, 2015	-	-	(158,439)	(24,265)	(48,355)	(14,180)	(57,809)	(82,731)	-	(385,779)
Allowance for impairment of assets										
As at December 31, 2015	-	(3,325)	-	(1,304)	(585)	-	-	-	-	(5,214)
Increase	-	-	-	-	-	-	-	-	-	-
Decrease	-	-	-	-	-	-	-	-	-	-
As at December 31, 2016	-	(3,325)	-	(1,304)	(585)	-	-	-	-	(5,214)
Net book value of assets										
As at December 31, 2016	66,564	473,718	110,739	103,337	10,957	-	32,188	29,958	31,306	858,767

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

	Separated (In Thousand Baht)									
	Land		Building and improvement		Machinery	Machinery for lease	Office	Vehicles	Assets in	Total
	Cost	Revaluation	Cost	Revaluation	and equipment		equipment		progress	
Assets - cost										
As at December 31, 2014	51,608	274,424	242,951	67,436	74,778	14,180	68,969	100,027	13,372	907,745
Purchase	-	202,619	-	61,470	5,414	-	8,611	13,064	81,814	372,992
Disposal	-	-	-	-	(18,897)	-	(6,859)	-	(19,418)	(45,174)
Transfer in (Transfer out)	14,956	-	26,227	-	298	-	12,921	2	(54,419)	(15)
As at December 31, 2015	66,564	477,043	269,178	128,906	61,593	14,180	83,642	113,093	21,349	1,235,548
Accumulated depreciation										
As at December 31, 2014	-	-	(144,768)	(16,113)	(58,587)	(14,180)	(41,150)	(49,603)	-	(324,401)
Depreciation for the year	-	-	(4,745)	(3,915)	(5,094)	-	(12,147)	(17,964)	-	(43,865)
Depreciation for disposal	-	-	(3,937)	-	17,344	-	6,853	-	-	20,260
Depreciation for transfer out	-	-	-	-	-	-	-	-	-	-
As at December 31, 2015	-	-	(153,450)	(20,028)	(46,337)	(14,180)	(46,444)	(67,567)	-	(348,006)
Allowance for impairment of assets										
As at December 31, 2014	-	-	-	-	(1,833)	-	-	-	(6,629)	(8,462)
Increase	-	(3,325)	-	(1,304)	-	-	-	-	-	(4,629)
Decrease	-	-	-	-	1,248	-	-	-	6,629	7,877
As at December 31, 2015	-	(3,325)	-	(1,304)	(585)	-	-	-	-	(5,214)
Net book value of assets										
As at December 31, 2015	66,564	473,718	115,728	107,574	14,671	-	37,198	45,526	21,349	882,328

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

Depreciation for the years ended December 31, 2016 and 2015 were Baht 71.99 million and Baht 67.11 million in the consolidated financial statements, Baht 49.25 million and Baht 39.95 million in the separate financial statements, respectively.

As at December 31, 2016 and 2015, building and equipment at cost of Baht 437.84 million and Baht 372.28 million in the consolidated financial statements, Baht 290.97 million and Baht 272.86 million in the separate financial statements, respectively were fully depreciated.

As at December 31, 2016 and 2015, land with its construction and machinery at cost of Baht 804.17 million and Baht 796.51 million in the consolidated financial statements, Baht 563.85 million and 563.85 million in the separate financial statements, respectively are used as guarantees for bank overdrafts and short - term loans from financial institutions (Note 16) liabilities under restructuring plan (Note 19) liabilities under restructuring agreements (Note 20) and commitment and contingent liabilities (Note 34).

As at December 31, 2016 and 2015, lands and buildings of the Company and subsidiaries are stated at appraised value based on reports of the independent appraiser in the year 2015 and 2012, respectively. The appraised value of lands were based on market price method, while the appraised value of buildings were based on replacement cost method. Revaluation surplus of fixed assets are shown under "Shareholders' Equity" in the statement of financial position. The revaluation surplus of fixed assets is not available for dividend distribution.

Subsidiaries recorded land with appraised value and recorded revaluation surplus of fixed assets amounting to Baht 36.31 million, as the independent appraiser report dated on December 25, 2015.

As at December 31, 2016 and 2015, the fair value of the land and building were assessed in 2015, by the report of the appraisal assessed using the market approach by selling price of comparable land nearby to improve and building by using the replacement cost approach. The fair value is in the second level of the hierarchy of fair value.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

14. INTANGIBLE ASSETS - NET

Consist of :

(In Thousand Baht)					
Consolidated					
	Balance December 31, 2015	Increases	Transfer in (Transfer out)	Decrease	Balance December 31, 2016
<u>Cost</u>					
Computer software	65,025	2,039	97,570	(22,056)	142,578
Intellectual property	23,880	-	1,047	-	24,927
Intangible asset in process	91,053	12,728	(103,361)	(420)	-
Total	179,958	14,767	(4,744)	(22,476)	167,505
<u>Less</u> Accumulated amortization	(81,553)	(11,583)	-	22,018	(71,098)
Net	98,425	3,184	(4,744)	(458)	96,407
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	-	(3,326)
Net	95,099	3,184	(4,744)	(458)	93,081

(In Thousand Baht)				
Consolidated				
	Balance December 31, 2014	Increases / Transfer in	Decrease / Transfer out	Balance December 31, 2015
<u>Cost</u>				
Computer software	63,584	40,109	(38,668)	65,025
Intellectual property	23,880	-	-	23,880
Intangible asset in process	61,710	29,343	-	91,053
Total	149,174	69,452	(38,668)	179,958
<u>Less</u> Accumulated amortization	(80,437)	(2,316)	1,220	(81,533)
Net	68,737	67,136	(37,448)	98,425
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	(3,326)
Net	65,411	67,136	(37,448)	95,099

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)				
	Separated				
	Balance December 31, 2015	Increases	Transfer in (Transfer out)	Decrease	Balance December 31, 2016
<u>Cost</u>					
Computer software	61,560	843	97,571	(22,056)	137,918
Intellectual property	21,947	-	-	-	21,947
Intangible asset in process	91,054	12,728	(103,361)	(421)	-
Total	174,561	13,571	(5,790)	(22,477)	159,865
<u>Less</u> Accumulated amortization	(76,769)	(11,156)	-	22,018	(65,907)
Net	97,792	2,415	(5,790)	(459)	93,958
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	-	(3,326)
Net	94,466	2,415	(5,790)	(459)	90,632

	(In Thousand Baht)			
	Separated			
	Balance December 31, 2014	Increases / Transfer in	Decrease / Transfer out	Balance December 31, 2015
<u>Cost</u>				
Computer software	60,485	39,743	(38,668)	61,560
Intellectual property	21,947	-	-	21,947
Intangible asset in process	61,711	29,343	-	91,054
Total	144,143	69,086	(38,668)	174,561
<u>Less</u> Accumulated amortization	(75,933)	(1,824)	988	(76,769)
Net	68,210	67,262	(37,680)	97,792
<u>Less</u> Allowance for asset impairment	(3,326)	-	-	(3,326)
Net	64,884	67,262	(37,680)	94,466

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)			
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Amortization for the years	11,580	1,096	11,156	1,096

15. DEFERRED TAX ASSETS AND LIABILITIES

As at December 31, 2016 and 2015, the components of deferred tax asset and liabilities are as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Net deferred tax assets (Asset)	71,207	91,862	55,429	76,458
Net deferred tax assets (Liabilities)	(133,217)	(133,084)	(116,723)	(118,312)

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

	(In Thousand Baht)				
	Consolidated				
	(Charged) / credited to:				
	As at	Profit	Other	As at	
	January	(loss)	comprehensive	December	
	1, 2016		income	Equity	31, 2016
Deferred tax assets					
Allowance for doubtful accounts	28,548	3,237	-	-	31,785
Allowance for diminution in value					
of inventories	2,365	744	-	-	3,109
Allowance for income tax	4,104	107	-	-	4,211
Allowance for impairment asset	2,642	-	-	-	2,642
Provision of project cost	2,723	(1,179)	-	-	1,544
Employee benefit obligations	16,671	2,851	-	-	19,522
Tax losses that have not been used	34,809	(26,415)	-	-	8,394
Total deferred tax assets	91,862	(20,655)	-	-	71,207

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

(In Thousand Baht)					
Consolidated					
(Charged) / credited to:					
As at	Other			As at	
January	Profit	comprehensive		December	
1, 2016	(loss)	income	Equity	31, 2016	
Deferred tax liabilities					
Accumulated depreciation Building extension	(8,637)	(980)	-	-	(9,617)
Revaluation surplus on fixed assets	(124,447)	-	847	-	(123,600)
Total deferred tax liabilities	(133,084)	(980)	847	-	(133,217)
Total income (expense)		(21,635)			

(In Thousand Baht)					
Separated					
(Charged) / credited to:					
As at	Other			As at	
January	Profit	comprehensive		December	
1, 2016	(loss)	income	Equity	31, 2016	
Deferred tax assets					
Allowance for doubtful accounts	27,066	1,537	-	-	28,603
Allowance for diminution in value of inventories	1,838	571	-	-	2,409
Allowance for income tax	4,104	107	-	-	4,211
Allowance for impairment asset	1,392	-	-	-	1,392
Provision of project cost	2,665	(1,179)	-	-	1,486
Employee benefit obligations	14,842	2,486	-	-	17,328
Tax losses that have not been used	24,551	(24,551)	-	-	-
Total deferred tax assets	76,458	(21,029)	-	-	55,429

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)			
	Separated			
	(Charged) / credited to:			
	As at January 1, 2016	Profit (loss)	Other comprehensive income Equity	As at December 31, 2016
Deferred tax liabilities				
Accumulated depreciation Building extension	(1,128)	742	-	(386)
Revaluation surplus on fixed assets	(117,184)	-	847	(116,337)
Total deferred tax liabilities	(118,312)	742	847	(116,723)
Total income (expense)		(20,287)		

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

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Allowance for doubtful accounts	197	197	-	-
Allowance for diminution in value of inventories	1,630	1,294	-	-
Allowance for impairment asset	9,096	9,096	-	-
Employee benefit obligations	5,445	4,517	-	-
Loss carry forward less than 5 years	28,163	10,222	-	-
Net deferred tax assets (Asset)	44,531	25,326	-	-

As at December 31, 2016 and 2015, The consolidated financial statement have deductible temporary differences totaling Baht 44.53 million and 25.33 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, 2016

16. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

Consists of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Bank overdrafts	15,764	21,412	8	498
Promissory notes	94,367	31,419	-	-
Total	110,131	52,831	8	498

Consolidated financial statements

As at December 31, 2016 the Company and subsidiaries have credit facilities from several banks totaling Baht 749.77 million. Most credit facilities of Bath 630.00 million are belong to the Company and are guaranteed by deposits at banks, investment property, land with its construction and machinery (Note 13), non - performed land, leasehold land and subsidiaries in the separate financial statements. Without such a guarantee fee.

	Million Baht		
	As at December 31, 2016		
	Credit line	Balance	Guarantee
<u>Bank overdraft</u>			
The Company	30.00	29.99	<ul style="list-style-type: none">- By the mortgage of land with its construction and machinery (Note 13).- By the mortgage of investment properties (Note 12).- By the mortgage of leasehold land.
The subsidiaries	44.00	28.36	<ul style="list-style-type: none">- By the mortgage of investment properties (Note 12).- By the mortgage of land with its construction and machinery (Note 13).- By the Parent Company.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

	Million Baht		
	As at December 31, 2016		
	Credit line	Balance	Guarantee
<u>Short-term loans</u>			
The Company	50.00	50.00	<ul style="list-style-type: none">- By the mortgage of land with its construction and machinery (Note 13).- By the mortgage of investment properties (Note 12).- By the mortgage of leasehold land.- By the mortgage of Subsidiary.- By the Fixed Account.
The subsidiaries	116.00	15.63	<ul style="list-style-type: none">- By the mortgage of investment properties (Note 12).- By the mortgage of land with its construction and machinery (Note 13).- By the Parent Company.
<u>Trust receipts / Letter of credit / Packing</u>			
The Company	150.00	150.00	<ul style="list-style-type: none">- By the mortgage of land with its construction and machinery (Note 13).- By the mortgage of investment properties (Note 12).- By the mortgage of leasehold land.- By the mortgage of Subsidiary.- By the Fixed Account.
<u>Guarantee</u>			
The Company	400.00	193.95	<ul style="list-style-type: none">- By the mortgage of land with its construction and machinery (Note 13).- By the mortgage of investment properties (Note 12).- By the mortgage of leasehold land.- By the Fixed Account.
The subsidiaries	4.77	-	<ul style="list-style-type: none">- By the mortgage of investment properties (Note 12).- By the mortgage of land with its construction and machinery (Note 13).- By the Parent Company.- By the Fixed Account.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

17. LONG - TERM LOAN FROM FINANCIAL INSTITUTIONS - NET

	(In Thousand Baht)	
	Consolidated	
	December 31, 2016	December 31, 2015
Long - term loan from financial institution	5,153	-
<u>Less</u> current portion	(924)	-
Long - term loan from financial institutions - net	4,229	-

Long - term loan from financial institution represent a subsidiary's long - term loan from bank of totaling Baht 6 million which has interest rate at 4% per annum, with 78 installment repayment period, and has been guaranteed by land with its construction of such subsidiary.

18. LIABILITIES UNDER FINANCE LEASE AGREEMENTS - NET

Consists of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Liabilities under finance lease				
agreements	8,417	4,724	2,427	-
<u>Less</u> Deferred interest	(738)	(275)	(261)	-
	7,679	4,449	2,166	-
<u>Less</u> Current portion	(2,798)	(1,485)	(439)	-
Total	4,881	2,964	1,727	-

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

19. LIABILITIES UNDER DEBT RESTRUCTURING PLAN - NET

Debt allocation

CREDITOR	PRINCIPLE	NEW 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.
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.	Interest rate at 0.01% per annum with quarterly repayment.
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.	Interest rate at 0.01% per annum with quarterly repayment.
Creditor Group 4 Accounts Payable	Amount of Baht 227,520,954.88 to be repaid on an installment within 10 years by quarterly.	-
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 35)	Interest rate at 0.01% per annum with quarterly repayment.
Creditor Group 10 Creditor - guarantee to other company	Debt as request for payment amount of Baht 303,242,835.38 which creditor will be paid by the following; 1. Because of PKM and SPN which are the receivable of 10 th group creditor still operate and able to pay to creditor by themselves. At the present, PKM and SPN still pay to creditor under the contact negotiate between the creditor and PKM and SPN. 2. Later, if PKM and SPN default, and PKM and SPN unable to pay to 10 th 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 st , 2 nd , 3 rd , 4 th , 5 th , and 12 th creditors finishing the payment follow the rehabilitation plan within 30 days.	

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Liabilities under debt				
restructuring plan	514,931	613,484	520,694	619,870
<u>Less</u> current portion	(99,246)	(96,957)	(100,319)	(97,580)
Liabilities under debt				
restructuring plan - net	415,685	516,527	420,375	522,290

Debt under restructuring 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 machinery.

20. LIABILITIES UNDER DEBT RESTRUCTURING AGREEMENTS - NET

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;

	(In Thousand Baht)	
	Consolidated	
	December 31, 2016	December 31, 2015
Liabilities under debt restructuring agreements	80,672	95,013
<u>Less</u> current portion	(17,101)	(17,929)
Liabilities under debt restructuring agreements - net	63,571	77,084

Liabilities under debt restructuring are secured by mortgage a part of land and machinery of subsidiaries, and land and construction of the Company, and guaranteed by the Company (Note 13), with no charging for any fee.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

Liabilities under debt restructuring including accrued interest are as follow;

	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
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, 2016

	PRINCIPLE	NEW INTEREST	ACCRUED INTEREST
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.

21. EMPLOYEE BENEFIT OBLIGATIONS

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:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Provision for employee benefits - beginning	106,428	88,142	74,211	62,736
<u>Add</u> recognized amount	12,137	10,874	8,168	7,355
<u>Less</u> paid	-	(1,747)	-	(1,413)
<u>Add</u> actuary assumption charges	6,275	9,159	4,262	5,533
Provision for employee benefits - ending	<u>124,840</u>	<u>106,428</u>	<u>86,641</u>	<u>74,211</u>
Present value of unfunded obligation	<u>124,840</u>	<u>106,428</u>	<u>86,641</u>	<u>74,211</u>

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)	
	For the years December 31, 2016	
	Consolidated	Separated
Total amount recognized in the statement of Comprehensive income		
Comprehensive income :		
Provision for employee benefits - beginning	106,428	74,211
Profit (loss) for the years		
<u>Add</u> recognized amount		
Current service cost	7,880	5,200
Interest cost	4,257	2,968
<u>Less</u> paid	-	-
Provision for employee benefits - ending	118,565	82,379
Other Comprehensive income for the periods		
actuary assumption charges	6,275	4,262

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Expense recognized in profit or loss				
Current service cost	7,880	7,348	5,200	4,846
Interest cost	4,257	3,526	2,968	2,509
Total - recognized in the statement				
of income	12,137	10,874	8,168	7,355

Principal actuarial assumptions (Actuarial basis)

	Consolidated	Separated
	As at December 31, 2016 and 2015	As at December 31, 2016 and 2015
Discount rate (%)	4.0	4.0
Future salary increase (%)	6.6	6.6
Retirement age (year old)	60	60

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

22. 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 19).

23. SHARE CAPITAL

	Amount	As at December 31, 2016		As at December 31, 2015	
	of share	Shares	Amount	Shares	Amount
	(baht)	(Shares/baht)			
Authorized share capital consist of					
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
Issued and paid-up share capital					
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
Issued and paid-up share capital					
Consist of					
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
Premium on shares					
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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	Amount of share (baht)	As at December 31, 2016		As at December 31, 2015	
		Shares	Amount	Shares	Amount
		(Shares/baht)			
Discount on common shares					
As at December 31					
Ordinary shares	1	414,607,781	(22,088,943)	414,607,781	(22,088,943)

Fair value of shares and preferred share at date of issue which pay off creditor under rehabilitation plan (Note 19) 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 19) by splitting common share million 142.38 Baht (142,377,680 shares with the share of 1 Baht) and the preferential right of million 79.49 Baht (79,487,456 shares which is worth 1 Baht per share) in order to pay the debt in the total amount of million 221.87 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 19).

In August, 2011 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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	Consolidated/ Separated	
	As at December 31, 2016	
	(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

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.

24. COMPANY'S SHARES HELD BY SUBSIDIARIES

As at December 31, 2016 and, 2015, 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. The Board of Directors' Meeting No. 4/2016 which was held on 14 November 2016, passed the resolution on approving the connected transaction between Siam Patkol Co., Ltd. intends to sell common shares ("Shares PK") that holding the cross in the Company (a subsidiary of the Company holds 2.4 million shares. It sells to directors and executives. This transaction is necessity for comply with the law for the cross-shareholdings and the selling price in seasonable.

As at December 31, 2016 and, 2015, 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

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

25. REVALUATION SURPLUS ON FIXED ASSETS

Consist of :

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Revaluation surplus on land				
Beginning balance	510,512	292,026	477,043	274,424
Increase	-	218,486	-	202,619
Decrease	-	-	-	-
Ending balance	510,512	510,512	477,043	477,043
Revaluation surplus on building				
Beginning balance	108,877	51,322	108,877	51,322
Increase	-	64,570	-	64,570
Decrease	-	(3,100)	-	(3,100)
Decrease - Sale	-	-	-	-
Decrease - Depreciation	(4,237)	(3,915)	(4,237)	(3,915)
Ending balance	104,640	108,877	104,640	108,877
Revaluation surplus on fixed assets	615,152	619,389	581,683	555,920
Deferred tax liabilities	(123,031)	(123,878)	(116,336)	(117,184)
Revaluation surplus on fixed assets - net	492,121	495,511	465,347	468,736

As at December 31, 2016 and 2015 the Company and a subsidiary's land and plant are stated at appraised value, reports of the independent appraiser Agency for T.A. Management Corporation (1999) Co., LTD at date of December 25, 2015 respectively. The excess of appraised value of land and plant, which based on Market Approach and Cost Approach, 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.

26. 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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

27. 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.

28. EARNING (LOSS) PER SHARE

Basic earnings (loss) per share :

Basic earnings (loss) per share for the years ended December 31, 2016 and 2015 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 December 31,			
	Consolidated		Separate	
	2016	2015	2016	2015
	<i>(Baht/Share)</i>			
Owner of the parent				
Earning (Loss) for the years				
(Thousand Baht)	82,564	112,129	110,241	177,241
Weighted average number of share				
(Thousand Share)	414,608	412,208	414,608	414,608
Basic earnings per share <i>(Baht/Share)</i>	0.20	0.27	0.27	0.43

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

Earnings (loss) per diluted share :

The reduced profit (loss) per share for the years ending on December 31, 2016 and 2015 which is calculated from the profit (loss) 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.

	For the years ended December 31,			
	Consolidated		Separate	
	2016	2015	2016	2015
	<i>(Baht/Share)</i>			
Owners of the parent				
Earnings (Loss) for the periods				
(Thousand Baht)	82,564	112,129	110,241	177,241
Number of ordinary share as at January	414,608	412,208	414,608	414,608
Warrant	105,147	105,147	105,147	105,147
Weighted average number of share				
(Thousand Share)	519,755	517,355	519,755	519,755
Diluted earnings per share <i>(Baht/share)</i>	0.16	0.22	0.21	0.34

29. CORPORATE INCOME TAX

Income tax expense for the years ended December 31, 2016 and 2015 Consist of

	(In Thousand Baht)			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Income tax				
Income tax for the year	(8,160)	-	(7,544)	-
Defer income tax :				
Deferred income tax effect of				
temporary difference and the				
reversal of temporary differences	(21,635)	(44,299)	(20,287)	(42,854)
Operating (expense) income tax				
present in the statement of				
comprehensive income (Note 15)	(29,795)	(44,299)	(27,831)	(42,854)

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

(In Thousand Baht)				
	Separated financial statement			
	Rate %	2016	Rate %	2015
Profit before income tax expense		138,072		220,096
Income tax using the Thai corporation tax rate	20	27,614	20	44,019
Income not subject to tax		(1,043)		(4,013)
Expenses not deductible for tax		5,539		3,181
Loss carry forward less than 5 years		-		(24,551)
Total		32,110		18,636

Income tax reduction

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.

30. EXPENSES ANALYZED BY NATURE

(In Thousand Baht)				
	Consolidated		Separated	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
Changes in inventories and work in process	11,469	63,761	(17,368)	13,208
Raw materials and supplies used	3,240,609	2,992,501	1,973,191	1,765,534
Staff expense	740,059	734,265	549,408	525,245
Depreciation and amortization	85,308	82,480	61,808	51,852
Bad debt (reversal)	3,812	(25,531)	11,687	(21,288)
Loss (reversal) decrease of inventory	(255)	(10,590)	2,853	(9,319)

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

31. TRANSACTIONS WITH RELATED PARTIES

Certain assets, liabilities, revenues and expenses of the Company arose from transactions with related parties. These related transactions are determined on the conditions in the normal course of business and based on agreed - upon basis as follows:

31.1 Relationship

Name of relate of parties	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.	Sale of goods and services	Subsidiary
Siam Patkol Co., Ltd.	Services	Subsidiary of Patkol Trading Co., Ltd. and common director
Heataway Co., Ltd.	Sale of goods and services	Subsidiary
Patkol Philippines Corporation Co., Ltd.	Sale of goods and services	Subsidiary
Indonesia Patkol Service Corporation Co.,Ltd.	Sale of goods and services	Subsidiary
Prepack (Thailand) Co., Ltd.	Services	Common director
Prudent Advisory Corporate Finance & Strategy Co., Ltd.	Services	Common director

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

31.2 Pricing policy

	Pricing policy
Sale of goods and services	Cost plus profit 1% for raw materials Cost plus profit 3% and 6% and Market price for finished goods
Purchase of goods and services	Cost plus profit 1% for raw materials Cost plus profit 3% and 6% and Market price for finished goods
Interest income received from subsidiaries	At the interest rate MOR per annum
Building rental and services	At Baht 1,000 - 360,800 per month
Interest expense paid to subsidiaries	At the interest rate of MOR per annum
Management Fee	Price as agreed
Management Fee System	Price as agreed

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

31.3 Assets and liabilities with related parties are as follows:

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Trade accounts and others receivable - related parties				
<u>Trade accounts receivable</u>				
Patkol Trading Co., Ltd.	-	-	34,728	28,800
S Panel Co., Ltd.	-	-	59,504	64,286
Prepack (Thailand) Co., Ltd.	-	407	-	407
Patkol Manufacturing Co., Ltd.	-	-	73,029	58,786
Heataway Co., Ltd.	-	-	-	43
Patkol Philippines Corporation Co., Ltd.	-	-	371	-
Indonesia Patkol Service Corporation Co.,Ltd	-	-	201	-
Total trade accounts receivable	-	407	167,833	152,322
<u>Others receivable - advanced payment</u>				
S Panel Co., Ltd	-	-	2,768	1,209
Patkol Philippines Corporation Co., Ltd.	-	-	467	-
Indonesia Patkol Service Corporation Co.,Ltd	-	-	131	-
	-	-	3,366	1,209
<u>Others receivable - accrued Income</u>				
Heataway Co., Ltd.	-	-	3,600	-
Total trade accounts and others receivable	-	407	174,799	153,531

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

(In Thousand Baht)				
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Trade accounts receivable - related parties				
Classified by aging :				
Undue	-	236	5,636	3,391
Overdue :				
- Not over 3 months	-	-	8,631	5,451
- Over 3 months to 6 months	-	171	5,967	6,573
- Over 6 months to 12 months	-	-	13,644	10,123
- Over 12 months	-	-	133,954	126,784
Total	-	407	167,832	152,322

Separated financial statements

As at December 31, 2016, trade accounts receivable with overdue period more than 6 months consist of many subsidiaries which have outstanding balances totaling Baht 147.59 million. The Company's management has considered that these trade accounts receivable are able pay their debts in full amount.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)			
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Short - term loans and accrued interest income				
to related parties - net				
<u>Short - term loans</u>				
S Panel Co., Ltd.	-	-	70,000	110,000
Patkol Trading Co., Ltd.	-	-	17,000	23,000
Patkol Manufacturing Co., Ltd.	-	-	145,000	210,000
Total	-	-	232,000	343,000
<u>Accrued interest income</u>				
S Panel Co., Ltd.	-	-	14,387	12,506
Patkol Trading Co., Ltd.	-	-	8,908	7,380
Patkol Manufacturing Co., Ltd.	-	-	26,974	14,841
Total	-	-	50,269	34,727
Total short - term loans and accrued interest				
income - net	-	-	282,269	377,727

Increase and decrease in short - term loans to related parties are as follows:

	(In Thousand Baht)			
	Balance	Movement		Balance
	As at			As at
	January 1, 2016	Addition	Deduction	December 31, 2016
S Panel Co., Ltd.	110,000	-	(40,000)	70,000
Patkol Trading Co., Ltd.	23,000	-	(6,000)	17,000
Patkol Manufacturing Co., Ltd.	210,000	25,000	(90,000)	145,000
Total	343,000	25,000	(136,000)	232,000

The Company has granted loans to related parties by issuing promissory notes with interest rate at MOR per annum (Referring to interest rate of Bangkok Bank) and due on demand.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

(In Thousand Baht)				
	Consolidated		Separated	
	As at December	As at December	As at December	As at December
	31, 2016	31, 2015	31, 2016	31, 2015
Trade accounts payable - related parties				
<u>Trade account payable</u>				
Patkol Manufacturing Co., Ltd.	-	-	69,145	128,098
S Panel Co., Ltd.	-	-	5,064	14,173
Patkol Trading Co., Ltd.	-	-	8,543	3,161
Heataway Co., Ltd.	-	-	56,992	34,125
Total	-	-	139,744	179,557
Employee benefit obligation -				
for management	45,092	39,553	35,376	31,355

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

31.4 Revenues and expenses transactions with related parties

Revenues and expenses transactions with related parties for the years ended December 31, 2016 and 2015 are as follows:

(In Thousand Baht)				
	Consolidated		Separated	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2016	2015	2016	2015
Revenues from sales and rendering services				
Subsidiaries				
Patkol Manufacturing Co., Ltd.	-	-	6,971	4,988
S Panel Co., Ltd.	-	-	57	101
Patkol Trading Co., Ltd.	-	-	5,061	5,045
Heataway Co., Ltd.	-	-	3	11
Total	-	-	12,092	10,145
Cost of sales and services				
Subsidiaries				
Patkol Manufacturing Co., Ltd.	-	-	894,952	889,318
S Panel Co., Ltd.	-	-	59,566	95,032
Patkol Trading Co., Ltd.	-	-	8,169	3,822
Heataway Co., Ltd.	-	-	180,516	120,281
Total	-	-	1,143,203	1,108,453
Administrative expenses				
Subsidiaries				
Patkol Manufacturing Co., Ltd.	-	-	1,641	-
Related company				
Prudent Advisory Corporate Finance & Strategy Co., Ltd.	2,800	-	2,800	-

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)			
	Consolidated		Separated	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2016	2015	2016	2015
Revenues from rental and services				
Subsidiaries				
Patkol Manufacturing Co., Ltd.	-	-	6,675	4,747
Patkol Trading Co., Ltd.	-	-	6,515	4,870
S Panel Co., Ltd.	-	-	3,234	2,472
Patkol R&D Co., Ltd.	-	-	10	12
Siam Patkol Co., Ltd.	-	-	12	12
Heataway Co., Ltd.	-	-	4,240	320
Related company				
Prepack (Thailand) Co., Ltd.	-	1,955	-	1,955
Total	-	1,955	20,686	14,388
Other income				
Patkol Philippines Corporation Co., Ltd.	-	-	371	-
Indonesia Patkol Service Corporation Co.,Ltd	-	-	201	-
Total	-	-	572	-
Interest income				
Subsidiaries				
Patkol Trading Co., Ltd.	-	-	1,528	3,121
S Panel Co., Ltd.	-	-	6,901	7,487
Patkol Manufacturing Co., Ltd.	-	-	12,132	12,178
Heataway Co., Ltd.	-	-	-	13
Total	-	-	20,561	22,799
Managements' remuneration				
Short - term benefits	53,087	41,992	48,630	38,220
Post - employment benefits	3,064	2,817	2,405	2,152
Total	56,151	44,809	51,035	40,372

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

31.5 Inter transactions with subsidiaries and related parties

	(In Thousand Baht)	
	Consolidated	
	For the years ended December 31,	
	2016	2015
Patkol Manufacturing Co., Ltd.		
Patkol Trading Co., Ltd.		
Trade accounts receivable - related parties	27	12
Trade accounts payable - related parties	2,346	675
Revenues from sales and rendering services	14	150
Cost of sales and services	4,039	2,279
S Panel Co., Ltd.		
Trade accounts payable - related parties	18	-
Other revenues	5	-
Cost of sales and services	218	264
Heat Away Co., Ltd.		
Trade accounts receivable - related parties	74,856	42,935
Trade accounts payable - related parties	4	-
Revenues from sales and rendering services	186,164	107,827
S Panel Co., Ltd.		
Patkol Manufacturing Co., Ltd.		
Trade accounts receivable - related parties	18	-
Other expense	5	-
Revenue from sale and rendering service	218	264
Patkol Trading Co., Ltd.		
Trade accounts payable - related parties	119	178
Cost of sales and services	224	1,025
Heat Away Co., Ltd.		
Patkol Manufacturing Co., Ltd.		
Trade accounts receivable - related parties	4	-
Trade accounts payable - related parties	74,856	42,935
Cost of sales and services	186,164	107,827

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Thousand Baht)	
	Consolidated	
	For the years ended December 31,	
	2016	2015
Patkol Trading Co., Ltd.		
Patkol Manufacturing Co., Ltd.		
Trade accounts receivable - related parties	2,346	675
Trade accounts payable - related parties	27	12
Revenues from sales and rendering services	4,039	2,279
Cost of sales and services	14	150
S Panel Co., Ltd.		
Trade accounts receivable - related parties	119	178
Revenues from sales and rendering services	224	1,025

32. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

Business unit and geographical segment information of the Company and subsidiaries for the years ended December 31, 2016 and 2015, are as follows :

	(In Million Baht)				
	Consolidated				
	For the years ended				
	Ice machine and industrial refrigeration system	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
December 31, 2016					
Statement of comprehensive income					
Revenue from sales and rendering services - domestic	1,595.61	738.95	488.29	-	2,822.85
Revenue from sales and rendering services - overseas	740.35	149.56	-	-	889.91
Cost of sales rendering services	(1,747.97)	(690.52)	(324.30)	-	(2,762.79)
Gross profit	587.99	197.99	163.99	-	949.97
Other income	6.90	2.16	0.88	15.63	25.57
Selling expenses	(75.39)	(44.52)	(58.69)	(111.31)	(289.91)
Administrative expenses	-	-	-	(483.68)	(483.68)
Directors' remuneration	-	-	-	(7.46)	(7.46)
Managements' remuneration	-	-	-	(53.08)	(53.08)
Profit (loss) before financial cost	519.50	155.63	106.18	(639.90)	141.41
Financial cost - interest expense	-	-	-	(29.06)	(29.06)
Profit (loss) before income tax	519.50	155.63	106.18	(668.96)	112.35
Income tax	-	-	-	(29.79)	(29.79)
Net profit (loss) for the year	519.50	155.63	106.18	(698.75)	82.56
Statement of financial position					
Property, plant and equipment - net	0.13	0.57	1.48	1,130.02	1,132.20

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Million Baht)				
	Consolidated				
	For the years ended				
	Ice machine and industrial refrigeration system	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
December 31, 2015					
Statement of comprehensive income					
Revenue from sales and rendering					
services - domestic	1,304.21	875.01	449.97	-	2,629.19
Revenue from sales and rendering					
services - overseas	692.57	220.88	8.38	-	921.83
Cost of sales rendering services	(1,480.90)	(911.48)	(308.44)	-	(2,700.82)
Gross profit	515.88	184.41	149.91	-	850.20
Other income	13.35	(7.57)	(0.32)	27.32	32.78
Selling expenses	(66.10)	(51.91)	(41.56)	(99.09)	(258.66)
Administrative expenses	-	-	-	(390.21)	(390.21)
Directors' remuneration	-	-	-	(7.49)	(7.49)
Managements' remuneration	-	-	-	(41.99)	(41.99)
Profit (loss) before financial cost	463.13	124.93	108.03	(511.46)	184.63
Financial cost - interest expense	-	-	-	(30.88)	(30.88)
Profit (loss) before income tax	463.13	124.93	108.03	(542.34)	153.75
Income tax	-	-	-	(44.30)	(44.30)
Net profit (loss) for the year	463.13	124.93	108.03	(586.64)	109.45
Statement of financial position					
Property, plant and equipment - net	0.19	0.76	2.14	1,165.89	1,168.98

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

	(In Million Baht)				
	Separated				
	For the years ended				
	Ice machine and Industrial refrigeration system	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
December 31, 2016					
Statement of comprehensive income					
Revenue from sales and rendering					
services - domestic	1,409.23	738.96	381.15	-	2,529.34
Revenue from sales and rendering					
services - overseas	740.36	149.56	-	-	889.92
Cost of sales and rendering services	(1,648.32)	(702.10)	(267.36)	-	(2,617.78)
Gross profit	501.27	186.42	113.79	-	801.48
Other income	6.90	2.16	0.88	43.38	53.32
Selling expenses	(137.96)	(50.71)	(58.69)	(9.07)	(256.43)
Administrative expenses	-	-	-	(383.79)	(383.79)
Directors' remuneration	-	-	-	(7.05)	(7.05)
Managements' remuneration	-	-	-	(48.31)	(48.31)
Profit (loss) before financial cost	370.21	137.87	55.98	(405.16)	158.90
Financial cost - interest expense	-	-	-	(20.83)	(20.83)
Profit (loss) before income tax	370.21	137.87	55.98	(425.99)	138.07
Income tax	-	-	-	(27.83)	(27.83)
Net profit (loss) for the year	370.21	137.87	55.98	(453.82)	110.24
Statement of financial position					
Property, plant and equipment - net	0.13	0.57	1.48	856.59	858.77

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

(In Million Baht)					
Separated					
For the years ended					
	Ice machine and Industrial refrigeration system	Machinery for liquid and food processing system	Service and spare parts	Central management and others	Total
December 31, 2015					
Statement of comprehensive income					
Revenue from sales and rendering					
services - domestic	1,117.12	875.01	345.61	-	2,337.74
Revenue from sales and rendering					
services - overseas	690.33	220.88	-	-	911.21
Cost of sales and rendering services	(1,352.87)	(926.37)	(230.22)	-	(2,509.46)
Gross profit	454.58	169.52	115.39	-	739.49
Other income	13.35	(7.57)	(0.32)	68.03	73.49
Selling expenses	(101.46)	(62.56)	(41.56)	(23.10)	(228.68)
Administrative expenses	-	-	-	(297.40)	(297.40)
Directors' remuneration	-	-	-	(7.10)	(7.10)
Managements' remuneration	-	-	-	(38.22)	(38.22)
Profit (loss) before financial cost	366.47	99.39	73.51	(297.79)	241.58
Financial cost - interest expense	-	-	-	(21.49)	(21.49)
Profit (loss) before income tax	366.47	99.39	73.51	(319.28)	220.09
Income tax	-	-	-	(42.85)	(42.85)
Net profit (loss) for the year	366.47	99.39	73.51	(362.13)	177.24
Statement of financial position					
Property, plant and equipment - net	0.19	0.76	2.14	879.24	882.33

33. DISCLOSURE OF FINANCIAL INSTRUMENTS

33.1 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 2.

33.2 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.

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

33.3 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, 2016 and 2015, the Company and subsidiaries have assets and liabilities denominated as follows :

Transaction	Currency	Consolidated		Separated	
		As at	As at	As at	As at
		December	December	December	December
		31, 2016	31, 2015	31, 2016	31, 2015
Deposit at banks	THOUSAND USD	2,572	552	2,560	552
	THOUSAND IDR	2,897,259	159,215	210,107	159,215
	THOUSAND PHP	13,539	1,414	1,413	1,414
	THOUSAND VND	264,326	169,266	264,326	169,226
Trade accounts	THOUSAND USD	1,789	1,665	1,661	1,640
Receivable	THOUSAND EUR	31	151	31	147
/Deposit	THOUSAND SGD	5	3	-	3
	THOUSAND JPY	-	1,308	-	1,308
	THOUSAND MYR	170	510	170	510
	THOUSAND IDR	483,578	628,528	483,578	628,528
	THOUSAND PHP	861	-	861	-
Trade accounts payable	THOUSAND USD	275	506	259	336
	THOUSAND EUR	237	486	123	300
	THOUSAND VND	-	8,167	-	8,167
	THOUSAND IDR	6,056	-	6,056	-
	THOUSAND SGD	69	-	-	-

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

33.4 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.

33.5 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.

34. COMMITMENTS AND CONTINGENT LIABILITIES

34.1 Commitments

	(In Million Baht)	
	As at December 31, 2016	As at December 31, 2015
Capital commitments		
- Purchase of goods agreement	60.89	71.11
- Contractor agreement	75.48	87.54
Total	136.37	158.65
Operating lease commitments		
Within 1 year	11.60	9.63
More than 1 to 5 years	15.26	11.58
Total	26.86	21.21

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

As at December 31, 2016, the Company has commitments of lease office buildings denominated in domestic and foreign currencies as follows:

Branch and representative offices in domestic and foreign countries	Currency	As at December 31, 2016	
		Within 1 year	More than 1 to 2 years
- Songkhla Branch	Baht	120,000	80,000
- Philippines Rep. office	PHP	651,974	488,981
- Indonesia Rep. office	IDR	110,000,000	-
- Malaysia Rep. office	MYR	17,000	-

34.2 Contingent liabilities

As at December 31, 2016, the Company and subsidiaries has contingent liabilities with commercial banks as follows.

	Consolidated	Separated
	As at December 31, 2016	As at December 31, 2016
Letters of guarantee		
- Domestic currency (Million Baht)	207.36	200.77
- Foreign currency (Thousand USD)	149.27	149.27

35. PENDING LAWSUITS

As at December 31, 2016

The Company has contingent liability arising from corporate income tax assessment of year 2003 together with penalty and surcharge performed by the officers of Revenue Department 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 for withholding tax refund in full amount.

36. 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, 2016 and 2015, debt to equity ratio in the consolidated financial statements is 1.40 and 1.38:1, respectively (the separate financial statements: debt to equity ratio is 1.16 and 1.23:1, respectively).

PATKOL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016

37. RECLASSIFICATION

Certain transactions of financial statements for the year ended December 31, 2015 were reclassified to be comply with the presentation of the financial statements for the years ended December 31, 2016.

38. SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

The Board of Director of Patkol Public Company Limited is Meeting 1/2017 on February 23, 2017 Approved to propose to the Annual General Meeting of Shareholders for the Year 2017 (“2017 AGM”) to consider and approve the allocation of a part of annual net profit in 2016 as legal reserves of at least 5% of annual net profit until the reserves in not less than 10% of the its registered capital. The Company has legal reserves amount of Baht 58,267,210.

Moreover, it is deemed appropriate to propose 2017 AGM to approve the dividend payment for the year 2016 as follows;

- Preferred Share at the rate of Baht 0.03375 per share.
- Common share at the rate of Baht 0.08 per share.

Total the dividend payment to Baht 35,851,324.12

39. FINANCIAL STATEMENTS APPROVAL

These financial statements have been approved for issue by the Company's board of directors on February 23, 2017.

Appendix

1. Profile of the Board of Directors

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
1. Assoc. Prof. Dr. Somchob Chaiyavej <ul style="list-style-type: none"> Chairman of the Board Independent Directors 	80	Ph.D in Mechanical Engineering, Purdue University, USA. National Defense College, Class 28	-	-	Present	<u>Other business</u> <ul style="list-style-type: none"> Council President: North Bangkok College Council Member: Rajmongkol (Tanya Buri) Technical University Advisor to the Board of Science and Technology Research Center (STRC) of King Mongkut's Institute of Technology North Bangkok Chairman, Thai Auto Tools and Die Co., Ltd. Director, Dr. Piya Chongvatana Foundation
2. Dr. Piya Chongvatana <ul style="list-style-type: none"> Vice Chairman of the Board Chairman of the Executive Committee 	72	The Honorary Degree of Doctor of Engineering in Mechanical Engineer of King Mongkut's Institute of Technology North Bangkok	10.34%	Dr. Piya is the father of Mr. Panet Chongvatana	Present	<u>Subsidiaries</u> <ul style="list-style-type: none"> Chairman, Patkol Manufacturing Co., Ltd. Chairman, Patkol Trading Co., Ltd. Chairman, Siam Patkol Co., Ltd. Chairman, Spanel Co., Ltd. Chairman, Heataway Co., Ltd. <u>Other business</u> <ul style="list-style-type: none"> Director, Prepack Thailand Co., Ltd. Honorary President, Thai Refrigeration Association Advisor director, Thai - Bangladesh Chamber of Commerce Chairman, Dr. Piya Chongvatana Foundation

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
3.Mr. Sangchai Chotchuangchutchaval <ul style="list-style-type: none"> • Director • Executive Committee Memberr • Chief Executive Officer • Chief Operation Officer 	60	Master Degree of Public Administration, National Institute of Development Administration (NIDA)	9.27%	-	Present	<u>Subsidiaries</u> <ul style="list-style-type: none"> • Director, Patkol Manufacturing Co.,Ltd. • Director, Patkol Trading Co., Ltd. • Director, Siam Patkol Co., Ltd. • Director, Spanel Co., Ltd. • Director, Heataway Co., Ltd. • Chairman, Patkol Philippines Corperation Co., Ltd. • Chairman, PT Indonesia Patkol Service Co., Ltd. <u>Other business</u> <ul style="list-style-type: none"> • Director, Dr. Piya Chongvatana Foundation • Executive Board of King Mongkut's institute of Technology North Bangkok
4. Mr. Suchart Sooksumitr <ul style="list-style-type: none"> • Chairman of the Audit Committee • Chairman of the Nomination and Remunreation Committee • Independent Director 	80	<ul style="list-style-type: none"> • Bachelor's Degree of Law, Thammasart University • Barrister at Law 	-	-	Present	<u>Other business</u> -
5. Mr. Virachai Srikajorn <ul style="list-style-type: none"> • Audit Committee Member • Chairman of the Risk Management Committee • Independent Director 	63	Master's Degree in Business Administration, South Eastern University, Washington DC, USA.	-	-	Present	<u>Other business</u> <ul style="list-style-type: none"> • Director Thailand Professional Qualification Institute (Public Organization) • Director, Thai Storage Battery Public Co., Ltd. • Director, TKS Technologies Public Co., Ltd.

Name / Positon	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
6. Mr. Preecha Chantarangkul • Audit Committee Member • Independent Director	74	Bachelor's Degree in Business Administration, Faculty of Management, Thammasart University	-	-	Present	<u>Other business</u> -
7. Mr. Paradorn Chulajata • Director • Audit Committee Consultant • Risk Management Committee Memeber • Nomination and Remuneration Committee Member	52	Master's Degree in Business Administration, Faculty of Finance, Eastern Michigan University, USA.	0.004%	-	Present	<u>Other business</u> - Director, Prepack Thailand Co.,Ltd.
8. Ms. Nongluck Sakdakrai • Director • Nomination and Remuneration Committee Member	42	Master's Degree in Perfect Management, George Washington University	5.52%	-	Present	<u>Other business</u> <ul style="list-style-type: none"> Deputy Managing Director, Thai Ice tube Co., Ltd. Deputy Managing Director, Watcharaphol tube ice Co., Ltd.
9. Ms. Anongsiri Chaiyakul • Director	74	Bachelor's Degree in Accounting, Thammasart University	-	-	Present	<u>Subsidiaries</u> <ul style="list-style-type: none"> Director, Patkol Manufacturing Co., Ltd. Director, Patkol Trading Co., Ltd. Director, Siam Patkol Co., Ltd.
10. Mr. Sumet Jiambutr • Director	63	Bachelor's Degree in Engineering in Mechanical Engineer of King Mongkut's Institute of Technology North Bangkok	0.19%	-	Present	<u>Subsidiaries</u> <ul style="list-style-type: none"> Managing Director, Patkol Manufacturing Co., Ltd. Director, Patkol Trading Co., Ltd. Director, Siam Patkol Co., Ltd. Director, Spanel Co., Ltd Director, Heataway Co., Ltd.

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
11. Mr. Rangsang Thammaneeuwong <ul style="list-style-type: none"> • Director • Executive Committee Member • Risk Management Committee Member 	56	Master's Degree in College of Business Administration, Joseph M.Katz, Graduate School University of Pittsburgh, Pittsburgh, Pennsylvania, USA.	-	-	Present	<u>Other business</u> <ul style="list-style-type: none"> • Chairman, Prudent Advisor Co., Ltd. • Director, SS National Logistics Co., Ltd. • Director, Sermasuk Public Co., Ltd. • Member of Chartered, Society of Advancement for Consulting, USA
12. Mr. Panet Chongvatana <ul style="list-style-type: none"> • Director • Executive Committee Member • Risk Management Committee Member 	40	Master's Degree of Science in Engineering Management Majoring in Project Management has Jersey Institute of Technology, USA.	3.84%	Mr. Panet is the son of Dr. Piya Chongvatana, Vice President	Present	<u>Subsidiaries</u> <ul style="list-style-type: none"> • Managing Director, Spanel Co., Ltd. • Managing Director, Heataway Co., Ltd. • Director, Patkol Manufacturing Co., Ltd. • Director, Patkol Trading Co., Ltd. • Director, Patkol Philippines Corporation Co., Ltd. • Director, PT Indonesia Patkol Service Co., Ltd.

2. Profile of Management Team

Name / Position	Age (year)	Highest Academic Qualification	Holding of Company's Share	Relationship	Experience	
					Year	Position / Name of Company
1. Mr. Mongkol Maduethong • Managing Director Business Ice Machine	57	Bachelor of Engineering Program in Mechanical Engineering of King Mongkut's Institute of Technology North Bangkok	-	-	Present	<u>Subsidiaries</u> Director, Heataway Co., Ltd.
2. Mr. Adisak Poolsri • Chief Technical and Development Officer	53	Master of Public Administration, National Institute of Development Administration	-	-	Present	<u>Subsidiaries</u> Director, Patkol Manufacturing Co., Ltd
3. Ms. Wannaporn Trinvisutthikul • Executive Director Accounting and Financial	43	Master's Degree in Business Administration, Ramkhamhaeng University	-	-	Present	<u>Subsidiaries</u> Director, Patkol Manufacturing Co., Ltd

Details of Directors in subsidiaries

Name	PK	Subsidiaries							Related Company (by definition of SEC)
		PKT	SPK	SPN	PKM	HA	PK-PH	PK-ID	Prudent
1. Assoc. Prof. Dr. Somchob Chaiyavej	X, //								
2. Dr. Piya Chongvatana	V	X	X	X	X	X			
3. Mr. Sangchai Chotchuangchutchaval	/, IV	VI	/	/	/	/	X	X	
4. Mr. Suchart Suksumitr	///								
5. Mr. Veerachai Srikajorn	///								
6. Mr. Preecha Chantrangkul	///								
7. Mr. Paradorn Chulajata	/								
8. Ms. Nongluck Sakdakrai	/								
9. Ms. Anongsiri Chaiyakul	/	/	/		/				
10. Mr. Sumet Jiambutr	/	/	/	/	VI	/			
11. Mr. Rangsan Thammaneeuwong	/								X
12. Mr. Panet Chongvatana	/	/		VI	/	VI	/	/	
13. Mr. Adisak Poolsir	/				/				
14. Ms. Noppawan Chongvatana			/						
15. Ms. Wannaporn Trinvisutthikul					/				
14. Mr. Suvachai Jaiwat						/			
15. Mr. Mongkol Maduethong						/			
16. Mr. Chakkrapong Chaosuan						/	/	/	

Noted :

- The symbol of the position of directors and executive

X	Chairman of the Board	/	Director
V	Vice Chairman of the Board	//	Independent Director
IV	Chief Executive Officer	//	Independent Director and Audit Committee Member
VI	Managing Director		
- The symbol of the Company, subsidiaries and related company (by definition of SEC)

PK	Patkol Public Company Limited
PKT	Patkol Trading Company Limited
SPK	Siam Patkol Company Limited
SPN	Spanel Company Limited
PKM	Patkol Manufacturing Company Limited
HA	Heat Away Company Limited
PK-PH	Patkol Philippines Corporation Company Limited
PK-ID	PT. Indonesia Patkol Service Corporation Company Limited
Prudent	Prudent Advisor Company Limited



Subsidiaries & Sales offices

Thailand (Head office)

348 Chalerm Prakit Rama 9 Road,
Pravate, Bangkok 10250
Tel : +66 2-328-1035 - 49
Fax : +66 2-328-1245
E-mail : sales@patkol.com

Indonesia

Jalan Kamai Raya Outer Ring Road
Kompleks City Rukan Miami Blok C No.17B,
Cengkareng 11730 JAKARTA
Tel : +6221 56959907/08
Fax : +6221 56959910
E-mail : indonesia@patkol.com

Philippines

Unit 12G IBM Plaza Building, E,
Rodriguez Jr., Eastwood Quezon city
1110 Philippines
Tel : +63-9178373659
E-mail : philippines@patkol.com

Malaysia

S-01-09, Impian, Commerz Shop,
Jalan Subang 1, USJ 1, 47600 Subang Jaya,
Selangor, Malaysia
Tel : +60-3-8021-7720
E-mail : malaysia@patkol.com

Vietnam

Gemadep Building Level 16
6 Le Thanh Ton District 1,
Ho Chi Minh City, Vietnam
Tel : +84-8-6255-6800
E-mail : vietnam@patkol.com

Myanmar

No. 808, 8th Floor, Room MGW Tower,
Bo Aung Kyaw Street, 8th Quarter,
Kyauktada Township 11182,
Yangon Region, The Union of Myanmar
Tel : +95 (0) 1256579
E-mail : myanmar@patkol.com