



WIIK & HOEGLUND PUBLIC CO., LTD.

บริษัท วิค แอนด์ ฮุกกลันด์ จำกัด (มหาชน)

ANNUAL REPORT 2016

รายงานประจำปี 2559



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Message from the Board of Directors

In 2016, the Company generated an outstanding performance with a growth in both income and profit from the previous years. Total revenue showed a remarkable increase of 6.10% with net profit of Baht 133.76 million, increased of 60.54% as compared to the year 2015. In the Annual General Meeting of Shareholders 2017, the Board of Directors agreed to propose to the AGM for approval of dividends payment to shareholders for the second year consecutively.

Our Board of Directors and the Management Team are quite confidence that we are able to generate revenue and profit continuously. In the end of the year 2016, the Company held the backlog orders for production, distribution, and installation of PE pipe of 6,592.72 Tons which is expected to carry forward to 2017 revenue of at least Baht 800 Million or 60% of 2016 total sales. The orders of water management work which is expected to carry forward to 2017 is Baht 87.25 Million increase of 156.69% as compared to the year 2015.

The Company expects to receive orders from customers for both HDPE pipes and water management continuously. This is in accordance with the country's strategic plans in the mitigation of drought and an expansion of infrastructure in Thailand and neighboring countries. Furthermore, the Company has completed with international trading representatives and engineering technical experts to jointly expand the market into ASEAN ECONOMIC COMMUNITY (AEC).

From embarkation into water resources management business to meet the demand for water in the industrial sector through Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary. In 2016 WW signed the agreement of water supply system management for 2 industrial estates such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province that are related and supported the Company core business to grow steadily in the future. The Company's investment policy is to on the projects that provide long-term returns and to invest in the new projects continuously.

The Company's business practice is also to be a leader in manufacturing and installing PE pipe with honesty, accuracy, and fairness to customers as well as to develop new products to meet the customer's demands.

On behalf of the Board of Directors of Wiik & Hoeglund Public Company Limited and executives team, we would like to express our thanks to all of our clients and shareholders who

consistently support us and to all our employees for taking significant part and dedication towards the Company wholeheartedly. In the year 2017, we expect to have your full cooperation and trust in further generate growth of the Company together.



Dr.Vichit Yamboonruang

Chairman of the Board of Directors

Wiik & Hoeglund Public Company Limited

1. Policy and Overview of the Business

1.1 Background

In 1980, WH Pipe International, who is in the group of KWH Pipe limited, the world leader in the field of Design, Manufacturer, Supply, and Installation of High Density Polyethylene (HDPE) pipe for more than 50 years from Finland, was invited by Metropolitan Waterworks Authority of Thailand (MWA) to submit a proposal to renew Bangkok's corroded cast-iron water pipe system in Rama IV, Rajdamri, and Charoenkrung roads. At that time the existing cast-iron pipelines had approximately 40% water loss. This was a turn-key project which included design, construction, and material supply. WH Pipe International had been awarded the project by offering relining installation method which feed the new HDPE pipes into the old and corroded cast-iron pipes. This technique reduces the scope of trench digging and eliminates leakage.



Unquestionably, the main reasons that made Metropolitan Waterworks Authority of Thailand trusted in WH Pipe International and its HDPE pipe, which last more than 50 years life span according to TIS Standards, would certainly be small water transport interruption during HDPE relining, low cost, fast installation of HDPE Pipeline and noticeably less interruption of traffic (due to few road surface excavation). These reasons would be contributed to the high rate of the success of this project as KWH Pipe Limited set up the first supply and installation of HDPE Pipe Company in Thailand named [*Wiik & Hoeglund Company Limited*](#) on April 4, 1983.

Wiik & Hoeglund Company Limited was established with initial capital of Baht22 million and KWH Pipe Limited was a major shareholder, holding 90 percent of total shares. The Company has set up its first factory in Nava Nakorn Industrial Estate and later in 1989 moved to Bang Pu Industrial

Estate with bigger production capacity in order to response to the rapid economy growth at that time.

The followings are vital moves of the company;

- On March 22, 1995 the company was registered as a public company and moved the factory to The Amata Nakorn Industrial Estate with higher production capacity. The Company is a first manufacturer of HDPE pipe who obtained quality assurance system certified to ISO 9003 in Thailand.
- In 1996, the Company was registered in the Stock Exchange of Thailand with registered capital of Baht60 million which was equivalent to 600,000 shares of common stock. The first day of the Company's shares trading in the Stock Exchange Market was held on February 8, 1996.
- In 1999 the Company was certified according to ISO 9001.
- In 2005, the Company expanded production capacity by an average of 22,800 Metric Tons per year under the relocation of factory to the Amata City Industrial Estate, Rayong Province.
- In 2006, the Company increased its capital from Baht60 million to Baht300 million and KWH Pipe Limited, was a major shareholder, holding 65.99 percent of shares.
- In 2009, the Company was certified according to ISO14001.
- In 2013, KWH Pipe Limited and Uponor Infrastructure Solutions Segment merged into a new company under the name Uponor Infra Oy. Reflecting to this merge, Uponor Infra Oy was a major shareholder, holding 65.99 percent of KWH Pipe Limited in Finland.
- In 2015, a group of Thai's investor in Thailand showed interest in Wiik & Hoeglund Public Company Limited and purchased all of the company's shares held by Uponor Infra Oy. However, Wiik & Hoeglund Public Company Limited and Uponor Infra Oy continue being partners and work together in Asia. Under the Licensing Agreement with the Uponor Infra Oy, the Company has continued its manufacturing and selling HDPE structured wall light weight pipe under WEHOLITE brand name solely.

In 2016 the Company entered the water resources management business in order to meet the demand for water in the industrial sector through Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary. Currently Wiik Water Company Limited (WW) has signed the water supply system management contract for 2 Industrial Estate such as (1) Siam Eastern Industrial Park

Mabyangporn Sub-district, Pluakdaeng District, Rayong Province and (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.

In late 2016, the Company invested in production machine of double wall pipe (Weholite) for submarine pipeline for big Power plant and oil refiner plant projects. This important investment is allow the Company to produce 800 Metric Tons per year of Weholite HDPE Pipe and also to produce ID3,500mm Weholite HDPE pipe which is the biggest size ever produced in Asia. With this size of pipe, the Company is able to obtain more projects of Intake & Out fall for power plant and Petrochemical Complex in Asia.

Currently Wiik & Hoeglund Public Company Limited is a manufacturer and supplier of PE pipe and fittings, Weholite Spiro, and WehoTank. The Company can produce Weholite Spiro pipe and Wehotank with size of Diameter 3,500 mm which is the largest PE pipe in the region. The quality of products and services are trusted internationally. The Company also creates opportunities with investment in water resources management which is related business and supports our core business to grow steadily in the future.

1.2 Overview of the Business

Wiik & Hoeglund Public Company Limited has played an important role in developing the quality of water supply infrastructure. The development affects and improves the quality of life of all Thai Citizen; especially the change from steel pipe to High Density Poly Ethylene pipe which is widely used in developed countries in Europe for more than 50 years. Superior to steel pipe, HDPE pipe is rust free, easy to be installed and can be used to transport the clean and safe tap water to the consumer. HDPE pipe has long life span and worth for its investment.

The Company realized that the management of water resources is essential for livelihood. The current global climate change has high impact on the rainfall and its variance. Therefore, with the high demand of clean water in both agricultural and industrial sectors, especially in dry season, the proper management in keeping and delivering water is highly required for Thailand.

The Company has foreseen this problem and aims to improve the business management of water resources to meet the demand for water usage in agricultural & industrial sectors and for the consumer in a systematic way. The Company has set up Wiik Water Company Limited (holding 100% of its' own shares) for such improvement.

Currently Wiik Water Company Limited (WW) has signed the water supply system management contract for 2 Industrial Estate such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province and (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.

As the market leader for the HDPE pipe and fittings, the Company has 30-year experience in supplying its products in Thailand. The Company has also been recognized internationally in terms of products and product quality control. The Company is proud in obtaining the standard of environmental international ISO 14001 and believes that the Company will be able to leverage the management of water resources and the quality of life for people more effectively in the future.

1.3 Goals and Strategies for Implementation

Vision

"Determined to be the leader in the manufacture and installation of HDPE pipes Industry in Asia".

Mission

- (1) The Company strives to increase the sales of high quality HDPE pipe and fittings and maintain the image of high quality HDPE pipe and fittings leader.
- (2) The Company is a leader in the HDPE pipe industry in terms of engineering, design and installation of HDPE piping systems.
- (3) The Company will create revenue and margin from the growth of water management business.

Strategy Leading to Sustainability

- (1) Develop knowledge and skill of engineering design, installation of pipes, and water supply.
- (2) Promote Product Research and the Development that meet market needs with the cost competitive advantage.
- (3) Increase the potential in both domestic and foreign markets.
- (4) Create opportunities by investing in water resources management which relates and supports the existing company's core business to grow steadily in the future.

1.4 Changes and key developments.

1) Change in share capital / warrants.

Year 2015

According to Wiik & Hoeglund Public Company Limited held the Extraordinary General Meeting of Shareholders No. 1/2015 on June 3, 2015, the Extraordinary General Meeting of Shareholders has resolution as follows;

- 1) Approved the decrease of the Company's registered capital of Baht 62,000 from the previous registered capital of Baht 300,000,000 to be the new registered capital of Baht 299,938,000 by canceling ordinary shares that not issued of 62,000 shares with par value of Baht 1.00 per share. The Company registered this decreasing capital with the Ministry of Commerce of Thailand on June 4, 2015.
- 2) Approved the increase of the Company's registered capital of Baht 364,954,534 from the previous registered capital of Baht 299,938,000 to be the new registered capital of Baht 664,892,534 by issuing of Baht 364,954,534 new ordinary shares at the par value of Baht 1 each for the following purpose; (1) To support the exercise of the warrant to purchase the ordinary shares of the Company No. 1 ("WIHK-W1") in the amount of 99,979,334 shares (2) To support the allocation of the newly issued ordinary shares offered via General Mandate in the amount of 119,975,200 shares and (3) To support the offering of newly issued ordinary shares offered via Private Placement in the amount of 145,000,000 shares. The Company registered this increasing capital with the Ministry of Commerce of Thailand on June 8, 2015.
- 3) Approved the issuance and allocation of warrant to purchase ordinary shares of the Company No. 1 ("WIHK-W1") ("Warrant") in the amount of not exceeding 99,979,334 units for free to the existing shareholders at the ratio of 3 existing ordinary shares for 1 unit of warrant whereby any fraction of the warrants from such calculation shall be discarded with the exercise price of Baht 5 per share. The warrant is valid for three years from the Date of Issue of Warrants and allocation of warrants to buy ordinary shares. (The first exercise date is on December 30, 2015 and the last exercise date is on June 15, 2018) and the warrants is allowed for the purchase / sale in the Stock Exchange of Thailand on June 30, 2015. On December 31, 2015, the warrants (WIHK-W1) for 99,963,136 units were left unexercised.
- 4) Approved the allocation of not exceeding 119,975,200 newly issued ordinary shares at the par value of Baht 1 per share by the General Mandate. The allocation details are as follows;

- (1) Not exceeding 89,981,400 newly issued ordinary shares will be allocated to existing shareholders of the Company in proportion to their shareholding (Right Offering: RO).
- (2) Not exceeding 29,993,800 newly issued ordinary shares will be allocated to specific investors under a Private Placement scheme (Private Placement: PP).

After the allotment of newly issued shares according to (1) and (2), the paid-up share of the Company shall totally increase not exceeding of 89,981,400 shares or not more than 30% of paid-up capital as of the date that the Company's Board of Directors approved the capital increase. In the event that there is an allotment of newly issued shares to specific investors under a Private Placement scheme in (2), the Company's paid-up shares shall increase not exceeding of 29,993,800 shares or not more than 10% of paid-up capital as of the date that the Company's Board of Directors approved the capital increase.

- 5) Approved of the allocation of not exceeding 145,000,000 newly issued ordinary shares at the par value of Baht 1 per share will be allocated to investors in private placement.

Year 2016

- ❖ On February 29, 2016 the Board of Directors Meeting No. 1/2016 approved to allocate the newly shares to the private placement of 75,000,000 shares at the offering price of Baht 3 per share for 2 investors according to the resolutions of the EGM No.1/2015 on June 3, 2015 as follows.

Investor Name	Number of shares	Offering Price (Baht)	Total Value (Baht)
1. Mrs.Monthira Padungrat	30,000,000	3.00	90,000,000
2. Mr. Jirayu Assanuwong	45,000,000	3.00	135,000,000
Total	75,000,000	3.00	225,000,000

However, the resolution of shares allocation to the Private Placement with the remaining of 70 million shares, the offer period expired on June 2, 2016 (after 1 year from the date of the resolution to issuance and offering such shares). The Company will decrease the registered capital to cancel ordinary shares that have not been sold next.

2) Changes of debt issuance

- ❖ On May 16, 2016 the Board of Directors Meeting No. 2/2016 approved the issuance and offering for sale of bill of exchange ("B/E") to the investor in general sale offering or in private

placement to financial institution or in participating dealer to facilitate the working capital of the Company as detailed as follows;

Type	: Short-Term Bill of Exchange
Total value of B/E	: The Credit Limit shall not exceed Baht 600,000,000.-(Six hundred million Baht) (at any time). Upon the redemption of the short-term bills, the company is able to offer to sell the bills again but the value shall not exceed Baht 600,000,000.-(Six hundred million Baht)
Interest rate	: Depending upon the market rate at each time of offering
Objective	: To facilitate the working capital of the company
Condition	: Sale offering to the investor in general sale offering or in private placement to financial institution or in participating dealer which intend to unlimited the amount of sale offering, the B/E maturity shall not exceed 270 days and the Company will submit the filling to SEC under term and condition as SEC requirements
Authorization	: Board of Director of the Company authorized to the executive committee of the Company or persons designated by the executive committee is empowered to specify the principals, the conditions and other details regarding the issue and offering of Bills of Exchange such as the interest rate, offering period, tenor, principal amount and etc., including apply for permission, disclosure and performing any actions with relevant government agencies, appointing an advisor or other person in relation to the issue and offering of Bills of Exchange and negotiating, signing and editing documents and the relevant agreements and empowered to any perform to issue and offer the Bills of Exchange.

As at December 31, 2016, the Company issued and sold short-term Bill of Exchange totaling of Baht 241 million without collateral at the interest rate of 4% per year which will mature in March 2017.

3) The Key Development

Year 2013

- ❖ On July 1, 2013 the KWH Pipe Limited merged with Uponor Varaosa Oy, a subsidiary company of Uponor Corporation which is listed in NASDAQ OMX, Helsinki, Finland. As a

result, the new company named Uponor Infra Oy was established and Uponor Infra Oy is a major shareholder of KHW Pipe Limited.

Year 2015

- ❖ On February 24, 2015, Uponor Infra Oy sold all of ordinary shares of the company to a four groups of investors in Thailand, which comprise of Mrs. Sumalee Ongcharit, Yaowawong Holding Company Limited, Mr. Chai Jivamongkol, and Mr. Chong Ransibrahmanakul with total number of shares 197,928,800 shares which is equivalent to 65.99 % of the issued and paid shares.
- ❖ The Company changed the shareholding structure of the Company's subsidiary company as follows;
 - On February 24, 2015 transferred 25,498 of preferred shares of WH Holdings Limited for free. As a result, the Company holds 100 % shares of WH Holdings Limited.
 - On March 25, 2015, the Company purchased 50,998 units of preferred shares of WH Pipe (Thailand) Limited (currently named Wiik Water Company Limited) at a price of Baht 12.75 per share totaling Baht 650,225 from WH Holdings Limited. As a result, the Company holds 100 percent shares of WH Pipe (Thailand) Limited.
- ❖ On April 24, 2015, the Extraordinary General Meeting of Shareholders of WH Holdings Limited resolved to liquidate with the Ministry of Commerce on May 1, 2015 the liquidation completed on July 10, 2015.
- ❖ On May 29, 2015, the Extraordinary General Meeting of Shareholders of WH Pipe (Thailand) Limited has resolved to increase the capital from the existing registered capital of Baht 10 million to Baht 30 million and approved the "WH Pipe (Thailand) Limited." to renamed to "Wiik Water Company Limited." The changed was made to the Ministry of Commerce on June 5, 2015.
- ❖ On June 19, 2015, the Extraordinary General Meeting of Wiik Water Company Limited (subsidiary) approved a capital reduction of Baht 30,000,000 to Baht 18,252,800 to clear the deficit. And the registration of the capital reduction was made with the Ministry of Commerce on July 24, 2015.

Year 2016

- ❖ On February 29, 2559 the Extraordinary General Meeting of Shareholders No. 1/2016 of Wiik Water Company Limited (a subsidiary) approved the capital increase of Baht 31,747,200 from the existing of Baht 18,252,800 baht to Baht 50,000,000 by issuing 317,472 ordinary shares with par value of 100 Baht per share. The payment of capital increase and registration with the Ministry of Commerce completed on May 16, 2016.
- ❖ On May 17, 2016 Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary, signed an agreements granting the right on water supply system management for Siam Eastern Industrial Park. The details are as follows.

Project Name	: Potable Water System Management for Siam Eastern Industrial Park (SEP)
Location	: Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province.
Total investment of WW	: Compensation for transferring the right of asset possession and cost of upgrading the system, approximately 140 million Baht.
Agreement Period	: 20 years and begin recognizing revenue in June 2016 onwards.
Value of minimum income throughout maturity	: 1,365.07 Million Baht (Guaranteed minimum income 12,000 m ³ per day.)

- ❖ On October 21, 2016, Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary, signed an agreement on design, construction, and operation of potable water system for Wellgrow Industrial Estate. The details are as follows.

Project Name	: design, construction, and operation of potable water system for Wellgrow Industrial Estate.
Location	: Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.
Total investment of WW	: Construction cost of potable water supply plant approximately 135 million Baht.
Agreement Period	: 20 years and expected to begin recognizing revenue in Quarter 2/2017 onwards.

Value of minimum : 1,034.78 Million Baht
income throughout
maturity

- ❖ On November 1, 2016 the Company changed the address of Company's headquarters location as follows.

Former 90 Cyber World Tower A, 35th Floor, Ratchadapisek Rd., Huaykwang, Bangkok 10310.

New 90 CW Tower A, 35th Floor, Ratchadapisek Rd., Huaykwang, Bangkok 10310.

1.5 Shareholding Structure of the Group

As of December 31, 2016, Wiik & Hoeglund Public Company Limited, a manufacturer and supplier of polyethylene HDPE pipes and fittings and its subsidiaries operate three main businesses as follows;

Operating under the name "Wiik & Hoeglund Public Company Limited".

1) Manufacture and supply polyethylene HDPE pipes and fittings

Operating under the name "Wiik Water Company Limited".

- 1) Polyethylene HDPE pipe welding and installation; including design services of polyethylene HDPE pipelines.
- 2) Management of water resources

The shareholding structure as of December 31, 2016 is as follows;

Wiik & Hoeglund Public Company Limited
Registered capital of Baht 664.89 million
Paid up capital of Baht 374.94 million

100%

Wiik Water Company Limited
Registered capital of Baht 50.00 million

Note: A Conflict of interests of Share Holders of the Company and its subsidiaries is less than 10%.

2. Type of Business

2.1 Products and Services

Wiik & Hoeglund Public Company Limited (the Company) is the manufacturer and supply high quality of plastic pipes and fittings for various types of application. The Company's products are produced from High Density Polyethylene (HDPE) resin. The Company's HDPE solid wall pipe (W-HQ Pipe) are OD16mm. – OD1600mm. in size and HDPE structured wall pipe (Weholite) ranking in size from ID300mm. – 3,500mm. for drainage & sewage, and water tank (Weho Tank). The Company's HDPE pipe and fittings are easy to be installed in both on ground and underground without considering the type of soils.

Products and Services of The Company's Subsidiaries

(1) Welding and installation including design services of polyethylene pipeline business




Wiik & Hoeglund Public Company Limited holds 100% share of its subsidiary company, Wiik Water Company Limited, who is in the field of the consultancy, advisory, servicing of HDPE pipe installation, and the management of water resources. Business scope in details is described as follows;

- The installation and welding of HDPE pipe and fittings manufactured by Wiik & Hoeglund Public Co., Ltd. (Thailand).
- The full service of HDPE pipeline installation (turn-key contractor) for the private sector which is starting from the services of HDPE pipeline system design, trenching and backfilling, HDPE pipeline and equipment installation, HDPE pipe and fittings welding.
- The installation of HDPE pipeline related equipment such as Air Release Valve or Gate Valve.
- The secureness of HDPE pipe and fittings from Parent company.
- The Consultancy of HDPE pipe and fittings installation.



(2) Water management business


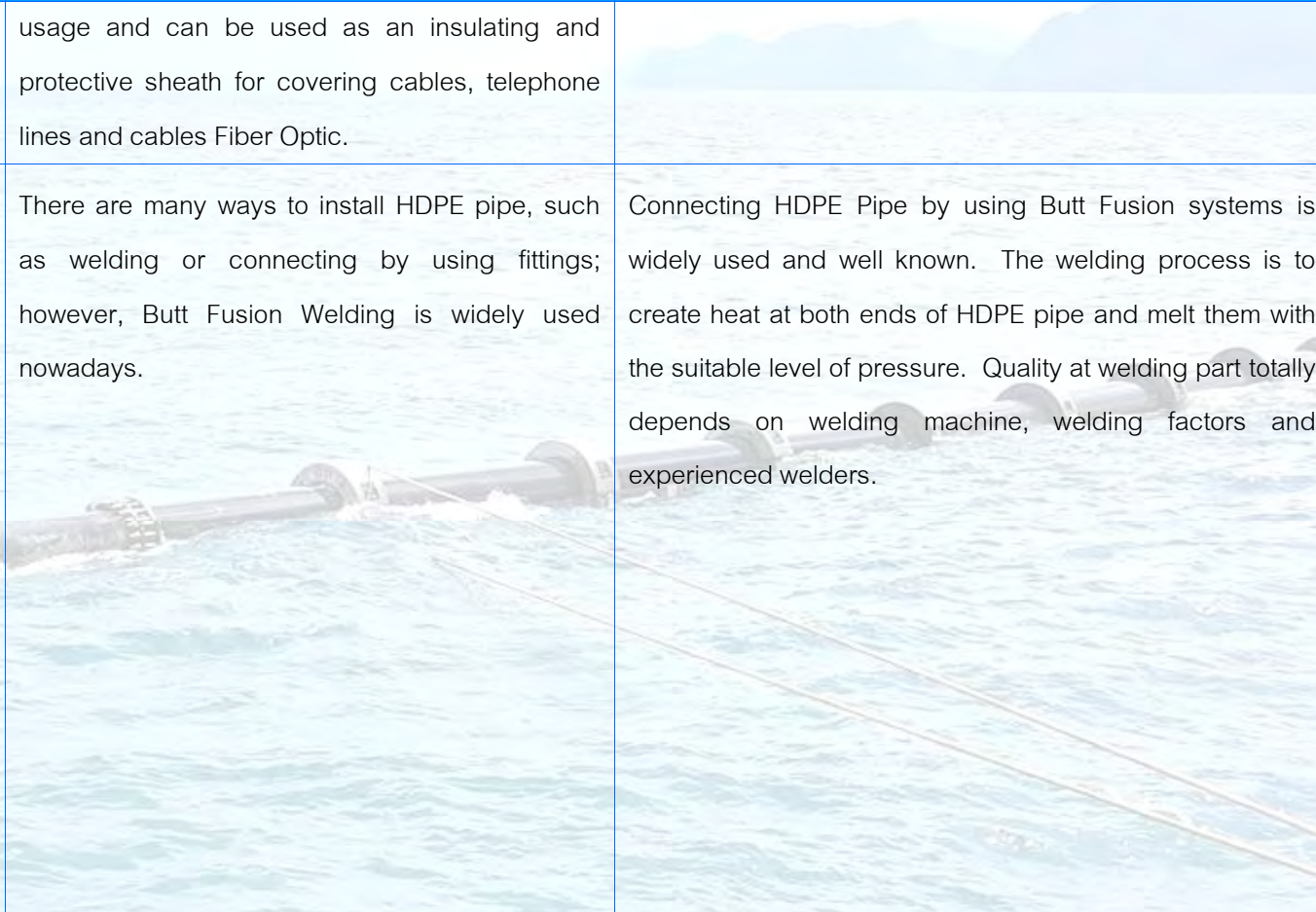
In addition to welding and installation including design services of polyethylene pipeline business, Wiik Water Company Limited (a subsidiary) also invested in Water management business which is related business and supports our core business to grow steadily in the future. Currently WW has signed the water supply system management contract for 2 Industrial Estate such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province and (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.

Products and Services in group of polyethylene pipe and fittings business



Products & Services	Qualification	The usage
<p>(1) Solid Wall Pipe. High Quality HDPE pipe (W-HQ pipe)</p>   	<p>The Company's HDPE solid wall pipe (W-HQ Pipe) is produced from High Density Polyethylene, also known as HDPE pipe, which is now widely used in both Government and Private Sectors in the field of water pipeline system, sewage, and cable conduit, etc. The Company's HDPE pipe and fittings are suitable in corrosive of acid and chemical environment. They are Corrosion & Abrasion resistance, light weight, flexibility, easy to bend and transport, long service life, and high impact strength.</p>	<ul style="list-style-type: none"> ● Raw and Portable Water Pipe ● Drainage and Sewage Pipe ● Electrical and Phone Cables Conduit ● Submarine Pipe ● Repair Pipe (relining) ● Mining <p>Generally HDPE pipe can be divided into categories based on usage and the size of the pipe below;</p> <ul style="list-style-type: none"> ● 16-110 mm outside diameter pipes used for drinking water pipes and sewage for small size of projects. ● 110-315 mm outside diameter pipes used in village and industrial estate as main pipeline for water transport and drainage. ● 110-200 mm diameter pipes of size are commonly used as electrical and phone conduit. ● 315-1600 mm outside diameter pipes used as main pipeline for water transport and drainage.

Products & Services	Qualification	The usage
<p>(2) Structured Wall HDPE pipe (Weholite).</p>    	<p>Structured Wall or double layer HDPE Weholite pipe is made from High Density Polythylene (HDPE) resin. The HDPE resin selected by the Company passes the high quality control according to the International Standards. It makes the Company's HDPE pipe superior to other types of pipes. The Weholite HDPE pipe's weight is also 2-10 times lighter than other types with service life more than 50 years; likewise the cost of installation and demolition for repair is also lower than other types of pipe. Weholite HDPE pipe is well designed and provides all technical advantages of equivalent polyethylene solid wall pipes but with substantial saving in weight combining greater ease of installation and transportation with increased cost effectiveness. Additionally, Weholite HDPE pipe has low friction loss and can transport more quantity of water compared to other pipes with the same diameter. Weholite HDPE pipe can be produced in many colors according to the customers' requirement. Length per pipe 6-15M. is available.</p> <p>Internal diameter 300 mm - 3500 mm.</p>	<ul style="list-style-type: none"> ● Drainage pipe ● Sewage pipe ● Intake & Outfall pipe ● Culvert pipe ● Manhole ● Ventilation pipe ● Relining pipe ● Combined Sewage Overflow

Products & Services	Qualification	The usage
<p>(3) HDPE water tank (WehoTank)</p> 	<p>WehoTank is the development of Structured Wall or double layer HDPE Weholite pipe which is also made from High Density Polyethylene (HDPE) and high standard resin. WehoTank is high quality, clean, and leakproof double layer water tank. WehoTank is also easy to be installed in both on ground and underground, non-toxicity, corrosion resistance, and has long service life for more than 50 years. It is one of a best and cost effective of investments. WehoTank's tank wall is special designed and suitable for water management in the community and industry and best fit for water collection as Rainwater Tank, Sewage Tank, Waste Water treatment Tank, and Bio-Gas Tank.</p>	<ul style="list-style-type: none"> ● Water Storage Tank ● Rainwater Collection Tanks (Rain Storm) ● Wastewater Treatment Tank (CSO) ● Septic Tank ● Retaintion Tank ● Chemical Storage Tank ● Bio-Gas Tank or Scrubber Tank). ● Pontoon & Boat lift
<p>(4) Phone Cable and Cable Conduit (W-HQ CONDUIT).</p> 	<p>W-HQ CONDUIT is produced from High Density Polyethylene (HDPE) resin. The HDPE resin selected by the Company passes the high quality control according to the International Standards. It can be assured that it is a high quality HDPE pipe with the high Mechanical properties and great physics. It is suitable for underground pipes</p>	<p>High Density Polyethylene pipe for Phone Cable and Cable Conduit.</p>

Products & Services	Qualification	The usage
<p>(5)HDPE Pipe Welding Service; inclusive of pipeline installation service.</p> 	<p>usage and can be used as an insulating and protective sheath for covering cables, telephone lines and cables Fiber Optic.</p> <p>There are many ways to install HDPE pipe, such as welding or connecting by using fittings; however, Butt Fusion Welding is widely used nowadays.</p>	 <p>Connecting HDPE Pipe by using Butt Fusion systems is widely used and well known. The welding process is to create heat at both ends of HDPE pipe and melt them with the suitable level of pressure. Quality at welding part totally depends on welding machine, welding factors and experienced welders.</p>

Products and Services in group of Water management business

Customers	Products and Services	system
<p>(1) Siam Eastern Industrial Park Co., Ltd. Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province.</p> 	<p>Produce and supply of tap water with minimum volume of 12,000 cubic meters per day for 20 year period.</p> <p><u>Start of commercial operation</u></p> <p>June 1, 2016</p>	<p>Ultra Filtration Membrane system with capacity of not less than 600 cubic meters per hour.</p>
<p>(2) Wellgrow Industries Co., Ltd. Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.</p>  <p>(Under construction)</p>	<p>Tap water production services with minimum volume of 17,500 cubic meters per day for 20 year period.</p> <p><u>Start of commercial operation</u></p> <p>Within the quarter 2/2017</p>	<p>Ultra Filtration /Reverse Osmosis Membrane system with capacity of not less than 730 cubic meters per hour.</p>

2.2 Revenue Structure

Revenue from business operations of the Company and subsidiaries during the year 2014 – 2016 could be classified by business segment as follows.

Product line / Business Group	Operated by	% Shareholding	Revenue (Million Baht)					
			2016	%	2015	%	2014	%
Manufacture and Supply HDPE pipe and fittings.	Wiik & Hoeglund PLC							
<u>Domestic Sales</u>								
Pipe			856.86	69.40%	784.62	67.43%	534.65	52.84%
Fittings			96.63	7.83%	79.68	6.85%	59.59	5.89%
Scrap			2.31	0.19%	1.93	0.16%	1.57	0.16%
Total			955.80	77.42%	866.23	74.44%	595.81	58.89%
<u>Export Sales</u>								
Pipe			163.13	13.21%	224.19	19.27%	253.52	25.06%
Fittings			5.26	0.43%	2.98	0.26%	26.68	2.64%
Scrap			3.99	0.32%	6.07	0.52%	5.62	0.56%
Total			172.38	13.96%	233.24	20.05%	285.82	28.26%
Welding (export countries)			0.94	0.08%	2.87	0.25%	5.21	0.52%
Dividend yield			0.80	0.06%	0.80	0.07%	24.00	2.37%
Others			19.20	1.56%	17.45	1.50%	41.96	4.13%
Total			1,149.12	93.08%	1,120.59	96.31%	952.80	94.17%
HDPE Pipe welding service and pipeline installation service.	Wiik Water Co., Ltd.	100.00						
Sale of pipes and other (domestic)			0.90	0.07%	-	0.00%	-	0.00%
Water sales			33.99	2.75%	-	0.00%	-	0.00%
Welding (domestic)			48.73	3.95%	42.71	3.67%	57.79	5.71%
Welding (export countries)			1.16	0.09%	-	0.00%	-	0.00%
Others			0.71	0.06%	0.29	0.02%	1.18	0.12%
Total			85.50	6.92%	43.00	3.69%	58.97	5.83%
Grand total			1,234.62	100.00%	1,163.59	100.00%	1,011.77	100.00%

2.3 Market and Competition

1) Target Group

(1) The Following Government Agencies for the projects of raw and portable water pipe, phone cable and electrical cable conduit, sewage pipe installation, wastewater and Septic Tanks;

- Provincial Waterworks Authority
- Provincial Electricity Authority
- Royal Irrigation Department
- Metropolitan Electricity Authority

- Electricity Generating Authority of Thailand
- Land development Department
- Telephone Organization of Thailand
- Department of Water Resources
- Communications Authority of Thailand
- Metropolitan Waterworks Authority
- Department of Local Administration
- Ministry of Public Health

(2) Private Sectors for the projects of raw water & Portable water pipes, sewage, fire water pipe, Water Tank, and Water treatment tank;

- Factory and Industrial Estate
- Residential
- Airport & Stadium
- Retailers

(3) Specific Group of Business that requires;

- The Horizontal Directional Drilling of HDPE pipe.
- Pipe Relining.
- Perforated pipe for underground drainage.
- Reserve water systems for private groups.
- The Submarine.

(4) International Markets such as Philippines, Vietnam, Cambodia, Laos, India, Indonesia, and Myanmar. The target groups are big construction company who receive foreign fund, Both Government and Private Sectors that have the projects of water allocation and water treatment; including the mining.

(5) Wholesale markets and Dealers for the following projects

- Water pipe inside the plant
- Sewage pipeline projects in villages, Industrial Estates and factories.
- Water Tank and Water Treatment Tank.

Type of product competition

Usage	Outside diameter	Competitive products
1. Water pipe in household.	Approximately 16-63 mm.	<ul style="list-style-type: none"> ● PPR pipe ● PVC pipe ● PB pipe
2. Small sizes of pipe for water transport or sewage in household or small projects.	Approximately 16-110 mm.	<ul style="list-style-type: none"> ● AC pipe ● PVC pipe ● PB pipe ● W-HQ Pipe
3. Medium size of main distribution pipeline or sewage in village or industrial estate.	Approximately 110-315 mm.	<ul style="list-style-type: none"> ● PVC pipe ● Weholite ● Double wall pipe ● W-HQ Pipe ● AC pipe ● Reinforced concrete pipe
4. Main Pipeline for water transport.	Approximately 315-1,600 mm.	<ul style="list-style-type: none"> ● Mild Steel pipe ● PVC pipe ● GRP pipe ● W-HQ Pipe ● AC pipe
5. Big size of pipe for portable and raw water, sewage in industrial estate or community.	Approximately 315-3,500 mm.	<ul style="list-style-type: none"> ● Steel Pipe ● Reinforced concrete pipe ● Glass Reinforce Fiber Pipe (GRP) ● W-HQ Pipe ● Weholite
6. Phone or Electrical Cables conduit.	Approximately 32-200 mm.	<ul style="list-style-type: none"> ● PVC pipe ● FRP pipe ● Double wall pipe ● W-HQ Conduit

Usage	Outside diameter	Competitive products
7. Big size of water tank for factory, industrial estate or household.	Approximately 10-120 cubic meters.	<ul style="list-style-type: none"> ● Fiberglass tank ● Steel tank ● HDPE WehoTank ● Reinforced concrete tank ● Stainless steel tank

2) Competition within the Industry

Enhancing the quality and standard of Public Utilities; especially the metropolitan waterworks, is important and directly affects the quality of life of people in the country. All concerned parties shall sincerity cooperate for this enhancement.

Thailand has developed the waterworks systems steadily; especially the enhancement of water pipe quality by changing the iron-cast steel pipe to HDPE pipe which is widely used in developed countries. Countries in Europe, for instance, has been using HDPE pipe in their waterworks for more than 50 years. Corrosion problem in iron-steel pipe is solved and cleaned & safe water are transported throughout the plumbing system. HDPE pipe is worth the investment since it is easy to install, saves pipeline installation time and has long service life.

Thailand has faced the several obstacles in using HDPE pipe; especially the quality of HDPE Pipe. Some of contractors tend to use low quality of HDPE pipe in order to minimize the cost. The low price is the main reason for them to use HDPE pipe made from recycle material. As a result, many of the problems occur such as;

- Pipe leaks or cracks which creates the inconvenience and unsafe water for all users.
- The agency who is responsible for the production and expansion of the water supply would spend an extra time and cost to repair the damaged pipe. It is not worth it to invest on the short service life pipe.
- HDPE pipe manufacturer who is producing high quality of HDPE pipe according to quality standards is facing unfair price competition.

Wiik & Hoeglund Public Co., Ltd. is emphasizing on its quality of HDPE pipe and provides the clients the confidence in using its products. This idea also increases the quality of life of people in Thailand.

There is growth from the growth of public utility in ASEAN countries; such as Vietnam, Myanmar, Laos, Indonesia, Philippines, and India.

In addition, the company has been developing the pipeline system and water storage systems (Wehotank), a tank for storing water, sewage, chemicals and gas. The Company is increasing sales with existing clients and continuously seeking for new clients.

Domestic Market Strategies

- 1) Increase sales proportion of high margin products or value added products.
- 2) Development of products that create a competitive advantage and high Margin.
 - Fitting with high strength and low production costs.
 - Wehotank diameter of 3500 mm.
- 3) Expand to Eastern market that has high potential and the Company has delivery cost advantages.
 - Expansion of the industrial estate as a result of Eastern Economic Corridor Development Plan (EEC)
 - Government project from the investment policy according to the Eastern Economic Corridor Development Plan (EEC)
- 4) Propose the turn key work in the project that the Company has high ability.
 - The project that requires high quality PE pipe and welding.
 - Design and build PE pipeline project.
 - Pipeline project under the sea by partnering with Uponor.
- 5) Ongoing investment in water management business.

International Markets Strategies

- 1) Aggressively marketing with overseas agents by focusing on projects that require high quality pipe.
- 2) Supports its agents that can manage logistic well and have strengthened financial.
- 3) Working with Uponor to propose pipe welding job with design Weholite pipe system for underwater installation of the power plant project and refinery project in Asia.

2.4 Products or Services Seeking

1) Manufacturing

The Company factory is located at 7/214 Moo 6 Amata City (Rayong) District Mabyangporn Daeng district, Rayong 21140. The Company has setup both the short and long term plan by analyzing market conditions and its competition. Also evaluating the volume of outstanding orders. The Company is planning on studying the annual investment plans for next following years as well.



Production capacity and utilization

Production		Year 2016				Year 2015				Year 2014			
		Average production capacity	Actual production volume	Utilization rate	Average production capacity	Average production capacity	Actual production volume	Utilization rate	Average production capacity	Average production capacity	Actual production volume	Utilization rate	Average production capacity
SOLID WALL PIPE	(ton)	23,350.00	16,089.90	68.91	10.61	20,780.00	14,546.79	70.00	37.50	20,780.00	10,579.17	50.91	32.49
WEHOLITE PIPE	(ton)	4,030.00	1,209.99	30.02	12.33	2,020.00	1,077.20	53.33	(15.19)	2,020.00	1,270.07	62.87	12.93
HDPE BEND	(piece)	5,400.00	3,347.00	61.98	18.10	5,400.00	2,834.00	52.48	(16.15)	5,400.00	3,380.00	62.59	(29.88)
HDPE TEE	(piece)	3,600.00	3,193.00	88.69	69.03	3,600.00	1,889.00	52.47	27.46	3,600.00	1,482.00	41.17	(30.59)
STUBEND	(piece)	13,500.00	12,672.00	93.87	17.93	12,000.00	10,745.00	89.54	28.36	10,000.00	8,371.00	83.71	(0.39)
REDUCER	(piece)	2,000.00	830.00	41.50	93.02	2,000.00	430.00	21.50	21.81	2,000.00	353.00	17.65	(71.62)
WEHOTANK	(tank)	96.00	27.00	28.13	237.50	96.00	8.00	8.33	(66.67)	96.00	24.00	25.00	(20.00)
SPECIAL FITTINGS	(piece)	15,000.00	7,658.00	51.05	(39.29)	15,000.00	12,615.00	84.10	39.95	15,000.00	9,014.00	60.09	85.63

2) Raw Material Securing

The main raw material used to produce HDPE pipes is HDPE resin from both domestic and import markets. HDPE resin is by-product from Oil industry which Thailand mostly imports from other countries. There are 3 resin manufacturers around Rayong Province area, IRPC Public Company Limited, SCG Performance Chemical Co., Ltd. (SCG), and PTT Polymer Marketing Co., Ltd. (PTT). 95% of total HDPE resin used by the Company to produce HDPE Pipe is coming from domestic source. 5% of HDPE resin is imported from Middle East and Belgium.

In terms of price effectiveness, the shortage of raw material, price changing of world oil price, and the change of foreign exchange rates are major factors that impact the price of HDPE resin.

3) Environmental impact

Wiik & Hoeglund Public Company Limited cares about environment and has set up the high standard of waste management from the production as follows;

- To manage the waste that can be re-used. The waste from the production of pipes and fittings is called Rework which will go through the recycling process and will be produced as recycled resin to be re-used. The Company will use recycled resin at the suitable ratio and that is recycled by the Company only.
- To manage the waste that cannot be re-used. The waste that cannot be re-used in the production process; such as sawdust; will be sold as low grade resin, waste from packaging and other equipment will be sold to the Industrial Waste Treatment and Disposal company who is approved and controlled by Department of Industrial Works.
- To conduct the suitable and effective wastes handling training to all staff so that they can understand the management of both hazardous and non-hazardous industrial waste.
- To continuously encourage all staff to reduce waste.

2.5 Jobs has not delivered

Jobs has not delivered of the Company and its subsidiaries as at December 31, 2016.

(Million Baht)	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
PE pipes and fittings business group	802.60	601.38	243.08
Water management business group (only the revenue recognized in the year)	87.25	-	-
Total	889.85	601.38	243.08

3. Risk Factors

3.1 Risks to business operations

1) Business risk

HDPE pipe has proved to be a decent and sustainable pipe for worldwide projects. Its excellent quality of high density polyethylene material is difficult to find among its substitute products. However, there's a business risk with the price war strategy of the low quality HDPE manufacturer in the domestic market who want to recklessly dump the price down and lower the quality of the HDPE products with low quality HDPE raw material and sometime use even non pipe grade raw material to make the pipe and fittings products for private and government segment which using of low quality HDPE pipe product affected the confidence of using high quality HDPE pipe of the Company as follows.

- Leaks or broken problem affect the inconvenience and unsafe in use of consumers.
- The agency that responsible for production and expand the water supply network have to waste budget to repair the damaged pipes and unrewarding for investment from the lifetime that is not durable long-standing
- Many HDPE quality standards pipe manufacturer affected from the price competition unfairly.

For counter that issue, we trying to do research and communicate with close customer both private and government to find out how to avoid the low quality product and be able to obtained the quality product which help develop their projects and improve their organization and country.

In addition, the business risk also involves the development of new pipe products. Each year HDPE pipe manufactures and resin manufactures have developed special kinds of HDPE pipe for certain applications, e.g. structure wall HDPE pipe, multilayer HDPE pipe, smooth inside surface HDPE pipe, and high temperature resistance HDPE pipe. Therefore each HDPE pipe manufacturer needs add new products in its product line in order to earn profits. The competition of normal solid wall HDPE pipe is too fierce and intense to get a good margin. However, the Company has the R & D department to develop and research new products, including develop the equipments to work properly at all times.

2) Foreign exchange risk

The Company faces this risk in the course of its doing business unavoidably. The risk arises from the fluctuation of the foreign exchange rate which has been influenced by various economic factors. This is due to its activities that deal with foreign countries such as export and import including financial transactions. Our policy is to reduce the foreign exchange risk by way of forward contract once the amount and due dates become known. Another method that has been adopted is currency matching between revenue and expense through the use of foreign currency account while allowing some maturity mismatch to occur sometimes.

3) Interest rate risk

Since the Company has been using some of the bank borrowing to finance its business, thus, the interest rate risk is a factor that will affect the performance of the Company. Long term borrowing carries higher interest rate than that of short term but in certain circumstances using the mix of both short term and long term ones is deemed to be more suitable. Besides, most of the short term facilities are offered on non-committed basis which caused instability. However, the Company has control the loan amount to the appropriate level as well as finding new sources of funding to reduce the cost of this part.

4) Raw material risk

HDPE resin is the main ingredient in HDPE pipe production. Thus the movement of resin prices has a substantial effect on the cost. HDPE resin prices have been fluctuated in accordance with crude oil prices for long time. It is hard to predict and make decision for any manufacturer when to buy HDPE resin for stock. Therefore the Company manages the order of HDPE resin to comply with the pipe purchase order and delivery timing to customers.

5) Credit risk

The company's customers normally are contractors of government projects or owners or project developers such as real estate industry. Most Customers require the credit term for payment. Hence the company formed an internal audit committee to analyze customer's financial statements in order to grant the appropriate credit term for each customer. The credit risk is not only caused default of payment or bad debts but also delays payment which will increase the interest cost of the Company. The Company has made the trade credit insurance to reduce the credit risk.

6) Risk of water supply system management project

Risk in supply of raw water

A subsidiary has invested in the water supply system management project for industrial estate by fixing minimum quantity of water supply under the contract. Therefore, the Company has risk in supply of raw water to be enough for production. However, the customer agreed to take responsibility for supply of raw water to be enough for production under the contract, so that help to reduce the risk from raw water shortage.

Risk of water quality

In some areas that a subsidiary invested, may face the raw water quality problems because the raw water is brackish. Therefore, the Company has risk in tap water production in order to meet the quality standard agreed. So there may be some time that a subsidiary use chemicals in the production process. This may be caused by manganese, color outweigh standard and may lead to higher costs of chemicals at certain times. However, the company has set conditions regarding the quality of raw water that the customer supply, in the contracts to limit such risks.

Risk of water quality measurement

The sample randomized water quality analysis will perform by the private laboratory that have been registered by the government agencies.

Risk of disputes arising under the contract.

Settlement of disputes arising under the contract is done under the Arbitration Act and the rules of the Arbitration Institute, Office of Judiciary that in force at the time of the dispute for arbitration and under the rules of such institutions or under other regulations that both parties agreed.

7) Risk of non-exercised warrants WIIK-W1

On June 3, 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 approved the issuance of Warrant to Purchase Ordinary Share of the Company No. 1 (WIIK-W1) which the Company can allocated WIIK-W1 to the existing shareholders of the Company total of 99,963,136 units. The exercise price is Baht 5 per share, maturity of warrant is not exceeding 3 years from the date of issuance (The first exercise date is December 30, 2015 and the last exercise date is June 15, 2018) and allowed to make a trading in the Stock Exchange of Thailand on June 30, 2015. As at December 31, 2016 the remaining Warrant to Purchase Ordinary Share of the Company No. 1 (WIIK-W1) which is not exercise is 99,963,136 units.

If all WIik-W1 holders do not exercise or partial exercise, it may impact to the Company's working capital. However the last exercise date is June 15, 2018, the Company expects that is a period which we can create the performance with growing steadily and reflect on the price of ordinary shares which trade on the SET timely with decision to exercise of the WIik-W1.

4. General information and other important information

4.1 General information

1) General Information of the Company

Name	: Wiik & Hoeglund Public Company Limited
Security Symbol	: WIik
Head office	: 90 CW Tower A, 35th Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310
Factory Location	: 7/214 Moo 6 Amata City Industrial Estate (Rayong), Mab Yang Porn, Pluak Daeng, Rayong 21140
Nature of Business	: The Company manufactures and distributes HDPE pipe, LDPE pipe, polypropylene pipe, Weholite Spiro pipe and WehoTank. Its production capacity and quality of products are well known worldwide.
Business Registration	: 0107538000151
Contact numbers	: Telephone 0-2612-8600 Fax 0-2645-2828-9
Website	: www.wiik-hoeglund.com
Registered Capital	: 664,892,534 Baht
Paid up Capital	: 374,938,000 Baht
Number of paid up shares	: 374,938,000 shares
Par value	: 1.00 Baht
Accounting period	: 1 January - 31 December

2) General information of Subsidiary

Name	: Wiik Water Company Limited
Head office	: 90 CW Tower A, 35th Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310

Nature of Business : Consulting and advisory services about installation planning of pipe systems and installation services of high density polyethylene HDPE and Water management.
 Contact numbers : Telephone 0-2612-8600
 Fax 0-2645-2828-9
 Registered Capital : 50,000,000 Baht
 Paid up Capital : 50,000,000 Baht
 Shareholding : 100%
 Related status : Subsidiary
 Note : Formerly named WH Pipe (Thailand) Company Limited

3) Other References

Share Registrar : Thailand Securities Depository Company Limited
 93 Ratchadaphisek Road, Din Daeng, Bangkok 10400
 Telephone : 0 2009-9000
 Fax : 0 2009-9991
 SET Contact center: 0 2009-9999
 Website: <http://www.set.or.th/tsd>
 E-mail: SETContactCenter@set.or.th

Auditor : Ms.Thipawan Nananuwat C.P.A. Registration No. 3459
 Mr.Khitsada Lerdwana C.P.A. Registration No. 4958
 Mr.Termphong Opanaphan C.P.A. Registration No. 4501
 Ms. Sumalee Reewarabandith C.P.A. Registration No. 3970
 EY office Company Limited
 33rd Floor, Lake Rajada Office Complex
 193/136-137 Rajadapisek Road Klongtoey Bangkok 10110
 Telephone : +66 2264 0777,+66 2661 9190
 Fax : +66 2264 0789-90
 Website: <http://www.ey.com>

4.2 Other important information

-None-

5. Securities and Shareholders information

5.1 Registered capital and paid-up capital

Registered capital and paid-up capital as at December 31, 2016 as follows.

- Registered capital 664,892,534 Baht divided into
 - Ordinary shares of 664,892,534 shares
 - Par value of Baht 1.00 per share
- Paid-up capital 374,938,000 Baht divided into
 - Ordinary shares of 374,938,000 shares
 - Par value of Baht 1.00 per share

5.2 Shareholders

As at March 29, 2016 the Company has the list of top 10 major shareholders as follows.

No.	Name of Shareholders	Nationality	Number of shares	
			Shares	%
1.	Mrs. Sumalee Ongcharit	Thai	55,189,500	14.72
2.	Mr. Jirayu Assanuwong	Thai	45,000,000	12.00
3.	Mrs.Mondhira Padungrat	Thai	30,000,000	8.00
4.	Mr. Noppadon Pitakpao	Thai	9,504,000	2.53
5.	Mr. Siriwat Wongjarukorn	Thai	9,000,000	2.40
6.	Mr. Chong Ransibrahmanakul	Thai	6,597,000	1.76
7.	Mr. Pakawan Wongopasee	Thai	6,198,500	1.65
8.	Mrs. Orapin Pipatwilaikul	Thai	6,000,000	1.60
9.	Mr. Surin Banyongpongler	Thai	5,982,700	1.60
10.	Miss Saowanee Jirawutthikul	Thai	5,400,000	1.44
	รวม		178,871,700	47.70

5.3 Warrant to Purchase Ordinary Share of Wiik & Hoeglund Public Company Limited No. 1 (WIik-W1)

On June 3, 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 approved the issuance of Warrant to Purchase Ordinary Share of the Company No. 1 (WIik-W1) in the amount of not

exceeding 99,979,334 units without charge to the existing shareholders of the Company whose names appear in the registration book of shareholders as at June 12, 2015 at the ratio of 3 existing ordinary shares for 1 unit of warrant.

The Company can allocated Warrant to Purchase Ordinary Share of the Company No. 1 (WIIK-W1) to the existing shareholders of the Company total of 99,963,136 units and allowed to make a trading in the Stock Exchange of Thailand on June 30, 2015. The remaining 16,198 units, the Company canceled the whole amount. Such warrants are specify warrant holders and transferable. Maturity of not exceeding 3 years from the date of issuance. Warrant Holders can exercise the right to purchase ordinary shares of the Company on the last Business Day of December of each year throughout the term of warrants (The first exercise date is December 30, 2015 and the last exercise date is June 15, 2018). The exercise ratio is 1 unit of warrant to 1 ordinary share at the price of THB 5.00 per share, unless the exercise ratio and/or the exercise price are adjusted otherwise pursuant to the conditions concerning the rights adjustment.

As at December 31, 2016 the remaining Warrant to Purchase Ordinary Share of the Company No. 1 (WIIK-W1) which is not exercise is 99,963,136 units.

6. Dividend Policy

The Company has a policy for the dividend payment of 60% of the annual net profit. The dividends will be paid in the following year. However, the Company may consider paying more; less or no dividend in any year but this consideration must be in consensus from Board of Directors meeting and Annual General Meeting. The Articles of Association specified as follows.

Article 19 Dividends and Reserve

Dividends shall not be paid other than out of profits. If the Company still has an accumulated loss, no dividends shall be distributed. Dividends shall be distributed according to the number of shares, with each share receiving an equal amount. Payment of dividends shall be approved by the shareholder meeting.

The Board of Directors may pay interim dividends to the shareholders from time to time if the Board believes that the profits of the Company justify such payment. After the dividends have been paid, such dividend payment shall be reported to the shareholders at the next shareholder meeting.

Payment of dividends shall be made within one month of the date of the date of the resolution of the shareholder meeting or of the meeting of the Board of Directors, as the case may be. The

shareholders shall be notified in writing of such payment of dividends, and the notice shall also be published in a newspaper.

The Company shall allocate not less than five percent (5%) of its annual net profit less the accumulated losses brought forward (if any) to a reserve fund until this fund attains an amount not less than ten percent (10 %) of the registered capital.

The information of dividend payment in the previous year as follows.

Unit: Baht	2015	2014	2013	2012	2011
Earnings per share	0.27	(0.01)	0.00	(0.06)	(0.13)
Dividend per share	0.11	omitted	omitted	omitted	omitted
Dividend to earnings ratio (%)	51.12	omitted	omitted	omitted	omitted

Dividend Policy of subsidiaries

As articles of association of Wiik Water Company Limited (subsidiary) section 6 Dividends and Reserve, article 18 specified that in dividend payments every time, the Company must allocate money as reserve at least one-twentieth of the net profit which made from business of the Company. Until the reserve amounts to one tenth of the total capital of the Company or more.

7. Management Structure

7.1 Board of Directors

As at December 31, 2016 Board of Directors of Wiik & Hoeglund Public Company Limited consist of

1) Board of Directors

- | | |
|---------------------------------|------------------------------------|
| 1. Dr.Vichit Yamboonruang | Chairman of the Board of Directors |
| 2. Mr.Wiboon Sangwithayanon | Director |
| 3. Mr.Burin Kunatippapong | Director |
| 4. Mr.Vichien Tangudtaisuk | Director |
| 5. Miss Rewadee Whanchid | Director |
| 6. Asst.Prof.Dr. Pakdee Manaves | Independent Director |
| 7. Miss Pranee Rattakam | Independent Director |
| 8. Mr.Theera Phetmalaigul | Independent Director |
| 9. Mr.Tatchapong Thamputhipong | Independent Director |

2) Executive Committee

- | | | |
|----|-------------------------------|-------------------------|
| 1. | Mr.Wiboon Sangwithayanon | Chief Executive Officer |
| 2. | Miss Rewadee Whanchid | Executive Committee |
| 3. | Miss Chinanut Jariyarudeechai | Executive Committee |
| 4. | Mr. Peerapon Thantranon | Executive Committee |

3) Audit Committee

- | | | |
|----|-----------------------------|---------------------------------|
| 1. | Miss Pranee Rattakam | Chairman of the Audit Committee |
| 2. | Mr.Theera Phetmalaigul | Audit Committee |
| 3. | Mr.Tatchapong Thamputhipong | Audit Committee |

4) Nomination and Remuneration Committee

- | | | |
|----|-----------------------------|-------------------------------------------------------|
| 1. | Miss Pranee Rattakam | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr.Theera Phetmalaigul | Nomination and Remuneration Committee |
| 3. | Mr.Tatchapong Thamputhipong | Nomination and Remuneration Committee |

According to the articles of association section 2 Board of Directors, article 6 stated that the Board of Directors shall consist of not less than five (5) persons. At least one-half (1/2) of the directors must be residents of Thailand. The Board of Directors shall elect one (1) director as the Chairman of the Board of Directors. If deemed appropriate by the Board of Directors, one (1) or more directors may be elected as Vice-Chairmen, to have duties pursuant to these Articles of Association in the matters designated to them by the Chairman.

Board of Directors as a representative of shareholders who is responsible for supervise the management of Company to comply with law, objectives and articles of association by determining vision, mission, strategies to create value for business including a return on investment under the expertise and ethics in business for maximize benefits of all stakeholders.

As at December 31, 2016, the Company had total of 9 directors which consists of 2 Executives Directors, 3 outside director who are not employee of the Company and 4 independent Directors which is 44.44% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Limits on Authority of the Board of Directors

The Board of Directors has the authority to approve budget according to the laws of the Securities and Exchange, and regulations, announcement, the order or the terms of the Stock Exchange of Thailand.

Authorized signatory

Name and number of directors who are authorized to sign on behalf of the Company are Mr. Vichien Tangudtaisuk, Miss Rewadee Whanchid, Mr. Wiboon Sangwithayanon, 2 of these 3 directors sign together.

Attending of meetings

In 2016, the Company provided the Board of Directors meeting of 7 times, and the Audit Committee meeting of 4 times with the directors attendance details as follows.

Name of Directors	Position	Meeting		Remarks
		Number of meeting	Number of attending	
Dr. Vichit Yamboonruang	Chairman of the Board of Directors	7	7	
Mr. Wiboon Sangwithayanon	Director	7	7	
Mr. Burin Kunatippapong	Director	7	7	
Mr. Vichien Tangudtaisuk	Director	7	7	
Miss Rewadee Whanchid	Director	7	7	
Asst.Prof.Dr. Pakdee Manaves	Independent Director	7	5	
	Chairman of the Audit Committee	2	1	Resigned on 16 May 2016
Miss Pranee Rattakam	Independent Director	6	5	Appointed on 21 Apr 2016
	Chairman of the Audit Committee	2	1	Appointed on 16 May 2016
Mr. Theera Phetmalaigul	Independent Director	7	5	
	Audit Committee	4	4	
Mr. Tatchapong Thamputthipong	Independent Director	7	6	
	Audit Committee	4	4	

7.2 Executives

As at December 31, 2016 management team of Wiik & Hoeglund Public Company Limited has 8 executives as follows.

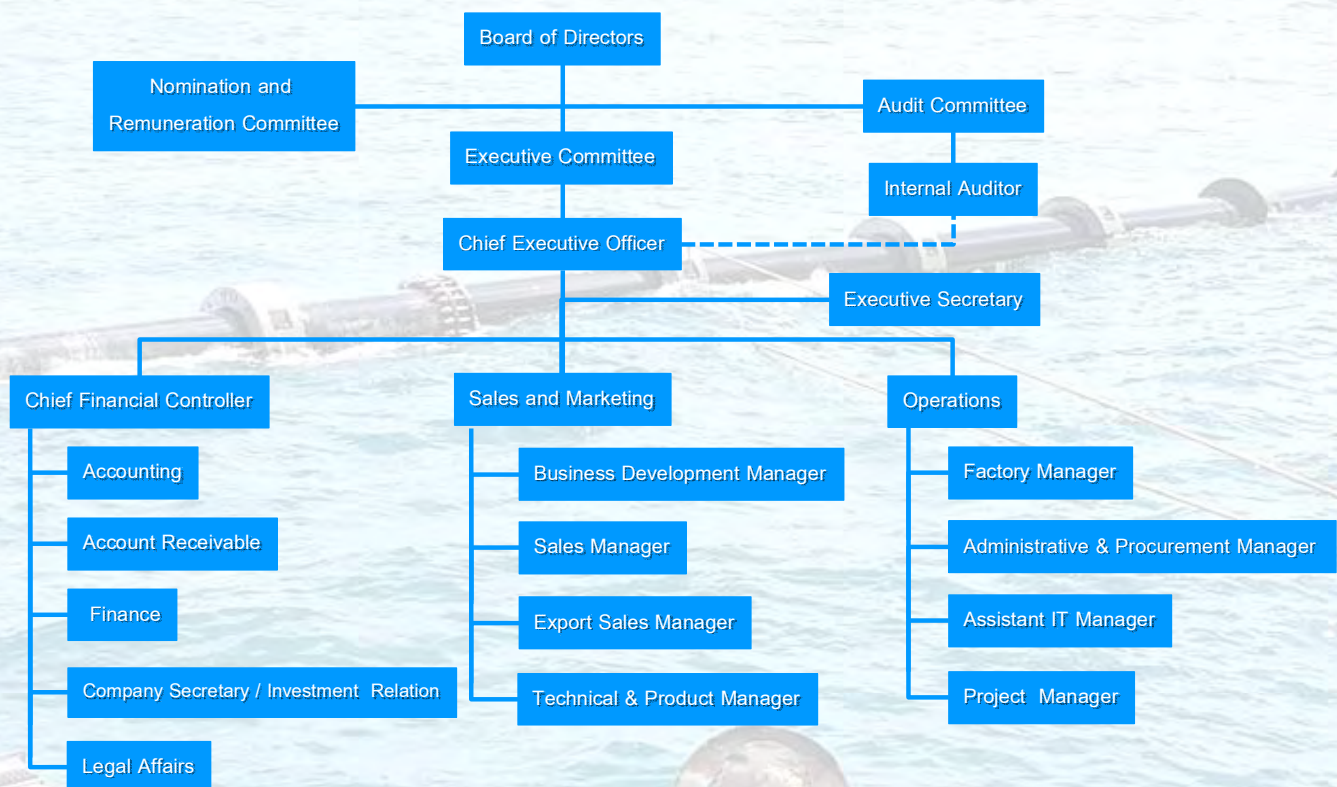
List of Executives	Position
1. Mr. Wiboon Sangwithayanon	Chief Executive Officer
2. Miss Chinanut Jariyarudeechai	Chief Financial Controller
3. Mr. Peerapon Thantranon	Sales Manager

List of Executives	Position
4. Mrs. Sasiwimon Wirojchewan	Administrative & Procurement Manager
5. Miss Jarunee Anansuksakun	Technical & Product Manager
6. Mr. Arom Petchmanee	Factory Manager
7. Mr. Krisnat Busapavanij	Export Sales Manager
8. Miss Parichart Wongwiwat	Business Development Manager

Information about the management team is in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

Management structure

Wiik & Hoeglund Public Company Limited and its subsidiaries as at December 31, 2016



7.3 Company Secretary

The Board of Directors Meeting No. 6/2015 on May 12, 2015 appointed Mr. Wittaya Jantaummao to the position of Company Secretary with responsible according to the Securities and Exchange Act (No. 4) BE 2551 which is responsible for the preparation and storage of Director registration, notice of the Board meeting, minutes of the Board meeting and annual report of the Company, Notice of the Shareholders meeting and minutes of the Shareholders meeting, storage the stakeholders report that report by Directors or Executives as well as other actions as notification of the

Capital Market Commission defined, on behalf of the Company or the Board of Directors. The qualifications of incumbent as Company Secretary are shown in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

7.4 Remuneration of Directors and Executives

Articles of Association, article 10 Remuneration of Directors stated that the Company is prohibited from paying money or other assets to the directors except as remuneration pursuant to the Articles of Association, such remuneration pursuant to the Articles of Association being salary, allowance, meeting allowance, travel allowance, award and bonus. Other remuneration shall be paid by the Company in accordance with resolutions adopted at General Meetings by the affirmative votes of at least two-thirds (2/3) of all the votes of the shareholders attending or represented at such General Meetings.

The Annual General Meeting of Shareholders 2016 on April 21, 2016 approved the Directors' remuneration for the year 2016 of not exceeding Baht 4 million by defined Directors' remuneration as follows.

Position	Monthly	Per time of attending
Chairman of the Board of Directors	30,000	20,000
Chairman of the Audit Committee as an Independent Director	30,000	15,000
Directors / Independent Directors	25,000	15,000

The remuneration paid monthly to non-executive directors only and the Chairman is authorized to consider the allocation of reward to the directors as appropriate if there is any remaining amount of remuneration from above.

1) Monetary remuneration

(a) Directors remuneration

Monetary remuneration for the Board of Directors consists of monthly remuneration and attendance fee paid by number of attending as follows.

List of Directors	Position	Directors remuneration	Position
Dr.Vichit Yamboonruang	Chairman of the Board of Directors	700,000	-
Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	-	-
Miss Rewadee Whanchid	Director / Executive Committee	-	-

List of Directors	Position	Directors remuneration	Position
Mr.Vichien Tangudtaisuk	Director	555,000	-
Mr.Burin Kunatippapong	Director	555,000	-
Asst.Prof.Dr. Pakdee Manaves	Independent Director	547,500	-
Miss Pranee Rattakam	Independent Director / Chairman of the Audit Committee	490,000	Appointed 21 Apr 2016
Mr.Theera Phetmalaigul	Independent Director / Audit Committee	525,000	-
Mr.Tatchapong Thampuththipong	Independent Director / Audit Committee	540,000	-
Total		3,912,500	

(b) Executive remuneration

In 2016, the Company paid remuneration consisted of salary, position fee, bonus, commission and other monetary remuneration to 9 executives totaling Baht 20,580,364.44.

Characteristics of executive remuneration	2015	
	Number of Executives	Amount (THB)
Salary and other remuneration in monetary	9	20,580,364.44

2) **Other remuneration**

(a) Other remuneration of Directors

In 2016, the Company did not pay other remuneration to Directors.

(b) Other remuneration of Executives

- **Provident Fund and Social Insurance Fund**

The Company has provided a provident fund for the Executives by paid contributions at 5% of salary. In 2016, the Company paid contributions for provident fund and social insurance fund for the Executives of Baht 649,724 and Baht 72,000 respectively.

- **Post-employment benefits**

In 2016, the Company recorded cost of post-employment benefits for the Executives based on actuarial techniques which is calculated by an independent expert of Baht 790,903 In 2016 the Company did not pay post-employment benefits to the Executives.

7.5 personnel

1) Number of employees

As at December 31, 2016 the Company and its subsidiaries had total staff of 232 people. The Company paid remuneration to employees that consists of salary, bonus, contribution to provident fund and group life insurance total amount of Baht 104.34 million.

Primary line	Number of employees (person)	
	The Company	Wiik Water Company Limited (Subsidiary)
Administrative & Procurement	16	5
Accounting	14	-
Domestic Sales	12	-
Business Development	1	-
Export Sales	3	-
Engineering and Maintenance	10	1
Production Pipe	47	-
Production Fitting	29	-
Store	21	-
Quality Control	11	-
Research and development	3	-
Technical and Product	2	-
Information technology	1	-
Welding & Installation	-	37
Project engineer	-	3
Water management	-	16
Total	170	62
Employees remuneration (million baht)	79.37	24.97

The Company has no significant labor disputes in the last 3 years.

2) Personnel development policy

The Company has the policy on recruitment, development and preservation of its personnel, as it has realized that the personnel are an important thing enabling the company to achieve the goal and success. So the Company has developed the personnel continuously by providing training/seminars

internally and externally by qualified trainers, especially in the building conscience and training on teamwork, good service, love of organization, and development of the job system.

The Company has given priority to creation of morale and spirit and pride in working to the employees by setting the remuneration and progress in the organization based on knowledge, capability and equity, including providing suitable fringe benefit, as well as developing the livelihood of the personnel better.

8. Corporate Governance

8.1 Corporate Governance Policies

As a listed company in the Stock Exchange of Thailand, the Company board of directors and management team realize in the importance of practices that comply with the principles to improve our systems to be transparent and auditable. The confidence is built up for all stakeholders that the Company is strictly complied with the 5 good corporate governance principles set up by the Stock Exchange of Thailand listed hereunder;

1) Rights of Shareholders

The board of directors recognize basic shareholder rights for instance the right to obtain relevant and adequate information on the company in a timely manner on a regular basis as well as the right to attend and vote in the shareholder meetings on any transactions that affect the company or other than the company's by laws depending on time and circumstances.

The Board of Directors ensures that the company provides shareholders, in advance of meetings, with the information on the date, time, venue and all agenda items with adequate data for their decision making by posting them on the company's website before the document distribution.

The Board of Directors facilitates shareholders' participation by selecting the most convenient venue and organize the simple and at low cost voting. Moreover, in case the shareholders prefer to assign the authorized person to attend and vote in the meeting, the list of independent directors is listed on the website of the company.

In the Shareholders' Meeting, the Chairman allocate time to suit with agenda and allows shareholders to express their opinions or questions at the meeting in regards to the Company as well as the opportunity for shareholders to submit questions in advance by announced on the Company's website.

In addition, all directors are well aware of the importance of shareholders and considered as a great opportunity to participate in the Shareholders Meeting to permit shareholders to ask Chairman and various committees in the relevant.

2) Equitable Treatment of Shareholders

In compliance to the principle of Stock Exchange of Thailand, all of our shareholders, including those with management positions, non-executive shareholders and foreign shareholders are treated in an equal way. Our Board of Directors ensures that all processes and procedures for shareholders meetings allow equitable treatment of all shareholders and also sets up the procedures to prevent the use of inside information for abusive self-dealing such as insider trading or related party transaction.

It is written in the company policy that every employee must sign the confidentiality agreement to prevent the inside information leakage as well as the requirement for report from all members of board of directors and management team on status of their shareholding.

3) Role of Stakeholders

The Company sets a clear policy on fair treatment for each and every stakeholder in accordance with the laws as follows;

Roles of Stakeholders

As mentioned previously, the company is working in compliance with the good corporate governance to ensure that all shareholders receive the equitable rights in all concerns, for instance the right to attend the shareholders' meeting, the right to vote, the right to use the proxy forms, the right to obtain sufficient information previous to the meeting, the right to obtain the information on the meeting venue and date, the suitable meeting time allocation, etc.

In addition, the company Board of Directors puts the emphasis on the transparency in disclosure of correct and precise information via any possible channels so that the shareholders and investors can obtain the adequate information equally. We are also widely open to questions from analysts from all kinds of institutions.

Customers

Our board of directors treats all debtors as our valuable asset. It is important that we build up their confidence by providing best service and quality products to them. We guarantee that all products produced by us are in accordance with the ISO and other worldwide standards.

Moreover, to follow the strategy of the company, we continuously improve our business operation by focusing more in the requirements and needs of the customers. We take complaints from the customers as the note to improve to the better.

Employees

We regard our employees as an important asset of the company. Besides the provision of the basic welfares in accordance to the labor laws, we provide them the opportunity to attend the training and seminars to enhance their working skills. The company also provides them a reasonable income and fringe benefit in relation to their abilities and contribution to the company by the assessment from our systematic evaluation procedure.

In case of accidents, the company provides a reasonable support and compensation to employees. We also conduct the safety training and evacuation rehearsal on regular basis. The penalties are given to the employees who misconduct in offending to the company safety policy. The environmental concern is also in attention of our management team.

Trading Partners

One of the most important concerns of the company management and board members is the company reputation and responsibility to all related parties, no exception to the trading partners. We have fair and transparent criteria for the selection of not only reliable trading partners but also ones with concern on social responsibility and environment. We carry on our business relationship with trade partners in proper business manners and commitment.

Creditors

The company management and board members are responsible for making sure that the financial risk management is efficiently manageable. Loans for project investment are audited to ensure that there is no misuse of the funds.

Business-Community relationships

Since the company's business is in the manufacturing sector which our factory was located in Rayong Province. The company is well aware of community effect, so we have decided to build our plant in the best industrial estate that high management standard, reliable and friendly community located. The company has defined the definition of production process, security system, hygienic condition and friendly environmental. Moreover we are providing to support public communities and social responsibility such as donation our product to public construction and participate various social activities. In additional the company's recruitment policy will give priority the candidates who are

domiciled in the vicinity in order to increase local employment, economy growth and improve the well-being of local communities.

Environment and Society Concern

The company continues to focus on environmental management and attempts to least cause of environmental impact whether our employees, location and nearby communities. The environmental management concerns manufacturing process, chemical using in production and machine maintenance including with disposal hazard and non-hazard waste under legal standard. The environmental management activities as follows;

- External Audit ISO14001 from Third parties and surveillance auditor and Internal Audit in the company
- Environment campaign and continuous training environment acknowledge along with visiting outside
- Making contact with supplier to disposal the waste who under control of Department of Industrial Works (DIW) and all concerned
- Appointing an environmental management committee in order to visual inspection to evaluate potential environmental concern and monthly situation report.
- Communicate environmental issue with nearby communities and all accept if they have an environmental complaint.
- Monitoring and improving cooling water system in production process in order to reduce water consumption and recirculation system.
- Electrical conservation plan development to improve electricity efficiency in order to reduce electric power consumption.
- Increase green area by planting trees around the factory.
- Monitoring and measurement procedure of workplace environment regulation.

4) Disclosure and Transparency

The important company information includes financial reports and non-financial information is disclosed correctly, accurately, on a timely basis through easy-to-access channels that are fair and trustworthy. We have the investor relations officer available to communicate with outsiders and company secretary in compliance to laws.

In general the company information is submitted through the Stock Exchange of Thailand channel in the annual report format (Form 56-1) and the bi-lingual company Annual Report (Form 56-2). The same information is also posted on the company website with the up-to-date information.

The company board of directors is responsible for the producing of publicized consolidated financial report of company and its subsidiaries under the recognized certified standard with the choice of appropriate accounting policy and practice on regular basis. Sufficient explanations to the financial statements are also inclusive in the annual report.

The company board of directors has appointed the audit committee, comprising of independent directors to take responsibility in auditing and certifying the quality of financial report and internal audit. The related comments from the audit committee are marked in the report from the audit committee pages. The Company has provided the disclosure in related to number of meetings and number of times of each director attended the meeting each year, including the disclosure of remuneration policy for directors as well.

5) Responsibilities of the Board

The Board of Directors has important role in corporate governance for maximum benefit of the Company and responsible for the duties to shareholders and independent from the management in the decisions for maximum benefit of the Company and overall shareholders. The Company provides the separation of roles and responsibilities systems between the Board of Directors and the management clearly. And overseen the Company's work system to ensure that various activities of the Company and has conducted in a lawful and ethical manner.

The Board of Directors consists of directors whose variety qualification in terms of skills, specialized capabilities experience that beneficial to the Company including they have devoted time and effort to their duties in order to enhance the Company's strength.

The Company has established the Audit Committee and the Executive Committee to study and screening necessary. Especially in cases that relies on neutrality in diagnosis and policy formulation on role, responsible, working process clearly to make the effective and efficient duties of the Board.

All directors understand the duties and responsibilities of the Board and the Company's business as well. They are ready to express their opinion freely and perform with integrity careful and thoughtful by considering the maximum benefit of the Company and fair to all shareholders with accurate and complete information. In the past year, all directors devoted sufficient time to perform

duty under responsibilities fully. It is a duty of directors to attend every Board meeting, unless there are special reasons really.

8.2 Committees

The management structure of the Company consisted of the Board of Directors and 3 committees such as Audit Committee Executive Committee and Nomination and Remuneration Committee which were define the authority and responsibilities of committees in Charter of Board of Directors, Charter of Audit Committee, Charter of Executive Committee and Charter of Nomination and Remuneration Committee which were approved by the Board of Directors' meeting No. 8/2015 on August 11, 2015 and shall became effective on August 11, 2015 onwards.

1) Board of Directors

As at December 31, 2016 the Board of Directors consisted of 9 directors as follows

No.	List of Directors	Position	Remarks
1.	Dr.Vichit Yamboonruang	Chairman of the Board of Directors	-
2.	Mr.Wiboon Sangwithayanon	Director	-
3.	Mr.Burin Kunatippapong	Director	-
4.	Mr.Vichien Tangudtaisuk	Director	-
5.	Miss Rewadee Whanchid	Director	-
6.	Asst.Prof.Dr. Pakdee Manaves	Independent Director	-
7.	Miss Pranee Rattakam	Independent Director	Appointed on 21 Apr 2016
8.	Mr.Theera Phetmalaigul	Independent Director	-
9.	Mr.Tatchapong Thamputhipong	Independent Director	-

According to the articles of association section 2 Board of Directors, article 6 stated that the Board of Directors shall consist of not less than five (5) persons. At least one-half (1/2) of the directors must be residents of Thailand. The Board of Directors shall elect one (1) director as the Chairman of the Board of Directors. If deemed appropriate by the Board of Directors, one (1) or more directors may be elected as Vice-Chairmen, to have duties pursuant to these Articles of Association in the matters designated to them by the Chairman.

As at December 31, 2016, the Company had total of 8 directors which consists of 2 Executives Directors, 3 outside director who are not employee of the Company and 4 independent Directors which is 44.44% of the total Directors. Therefore, it is enough to create the balance of power within

Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Mr. Wittaya Janta-ummao, Company Secretary oversees the activities of the Board of Directors, minutes of meeting and documenting about the meeting.

Tenure

- (1) Directors must retire from office as one in three of all members in every Annual General Meeting. If the number of Directors cannot divide into three parts, directors shall retire nearest to one in three of all members. Directors who retired by rotation may be re-elected.
- (2) In cases where the position of director is vacant because of other reasons except expiration of the term and the remaining term not less than 2 months. The Board of Directors have to elect directors to replace the vacancies on the Board of Directors at the next meeting. The persons who are elected as such directors will remain in office only for the remaining term of directors they replace.
- (3) Directors must retire from office when.
 - A. The expiration of the term.
 - B. Resignation
 - C. Died
 - D. Disqualified or prohibited characteristics under the law or the Articles of Association. A manner that reflects the lack of suitable to get trust to manage business that the public is shareholder according to the Securities and Exchange Commission's notification.
 - E. The meeting of shareholders voted to out of position.
 - F. The court ordered to out of position.
- (4) Directors who resigned before the expiration of term, have to submit a letter of resignation to the company. The resignation is effective from the date of letter of resignation reach to the company and they can inform their resignation to the registrar according the law on public limited company.

Qualification of Independent Directors

- (1) Shareholding does not exceed one percent of total shares with voting rights of the Company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest which includes the related party's shareholding of such independent directors.

- (2) Never or ever was a director who participate in administration, employees, staff, consultants who receive a regular salary or the controlling person of the Company, parent companies, subsidiaries, affiliates or the same level subsidiary or juristic person that may have conflict of interest unless they are clear from the foregoing relationship not less than two years before apply for permission to the SEC.
- (3) They are not persons who have blood ties or by legal registration in manner that is father, mother, spouse, sibling and child, including spouse of a child of the executives, major shareholders, control authority or persons who will be nominated as executive or controlling person of the Company or its subsidiaries.
- (4) Never or ever had business relationship with the company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest in a way that may obstruct their independent judgment. Including never or ever was major shareholder, director who was not independent director or executive of the business relationship of the company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest unless they are clear from the foregoing relationship not less than two years before they was appointed as an independent director.
- (5) Never or ever was the auditor of company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest and never was major shareholder, director who was not independent director, executive or managing partner of audit firm which has an auditor belong to the parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest unless they are clear from the foregoing relationship not less than two years before they was appointed as an independent director.
- (6) Never or ever was any professional service provider which includes serving as legal advisor or financial advisor who receives service fees more than two million baht per year from the company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest. In the case that professional service provider is juristic person, provided include major shareholder, director who was not independent director, executive or managing partner of such professional service provider unless they are clear from the foregoing relationship not less than two years before they was appointed as an independent director.
- (7) Not a director who has been appointed as a representative of Board of Directors, major shareholders or shareholders who are related to the Company's major shareholders.
- (8) Do not operate the same nature business and compete with the Company or its subsidiaries or not a partners in partnership or directors who participate in management, employee, staff,

consultant who receive regular salary or holding more than one percent of the shares with voting rights of other company that operate the same nature business and compete with the Company or its subsidiaries.

- (9) No other characteristics that make they can not to give an opinion independently on the company's operation.

If the Securities and Exchange Commission announced changes to qualifications of independent directors, independent directors of the company must qualify as change announced in all respects.

Role of Chairman

- (1) Responsible for determines agenda, lead and control Board of Directors' meeting to run smoothly.
- (2) Create a reasonable relationship with the CEO and Company Secretary.
- (3) Encourages all directors to participate in the meeting and can show fully potential.
- (4) Create clarity on the scope of duties and responsibilities between Board of directors and the executives.
- (5) Determines framework and monitor the corporate governance policy.
- (6) Be a representative and build a reputation to organization.
- (7) Be the shareholders' representative to serve as a leader in the annual general meeting.
- (8) Participate in building process of strategy plan that effective in practice.
- (9) Responsibility to seek qualified directors to join as member of the Board and directors development.
- (10) Supervise the Board of Directors along with evaluation of performance, communicate for transmit the expectation to the Board of directors.
- (11) Create succession planning process and the evaluation of performance of Chief Executive Officer.

Duties and responsibilities

Duties and responsibilities of directors according to defined in the Articles of Association by acting as follows.

- (1) The authority in accordance with Public Limited Companies Act BE 2535 and any other laws that defined as duties of director or Board of Directors of public companies.
- (2) Perform their duties with responsibility, careful and honesty including they must comply with the law, objectives and articles of association that defined as well as compliance with resolutions of the shareholders' meeting.

- (3) Determine the main business policy, Monetary Policy, Funding policy, Capital Management and Risk management policy for the company implementation
- (4) Authorized to determine and change the name of directors who have authorized signatory of the company.
- (5) Corporate governance to meet or exceed the target set and determined a solution if there are obstacles in achieving that target.
- (6) Provide the general information reporting and financial statements to its shareholders and general stakeholders correctly, completely, transparency and in accordance with the law.
- (7) Acknowledge the important audit report and determine measures to improve if it finds significant deficiencies.

2) Audit Committee

As at December 31, 2016 the Audit Committee consisted of 3 members as follows.

No.	List of Audit Committee	Position	Remarks
1.	Miss Pranee Rattakam	Chairman of the Audit Committee	Appointed 16 May 2016
2.	Mr. Theera Phetmalaigul	Audit Committee	-
3.	Mr. Tatchapong Thamputhipong	Audit Committee	-
4.	Asst.Prof.Dr. Pakdee Manaves	Chairman of the Audit Committee	Resigned 16 May 2016

Miss Pranee Rattakam and Mr. Tatchapong Thamputhipong are 2 member of the Audit Committee who have sufficiently knowledgeable and experienced in the field of accounting able to conduct a review to assess financial statement credibility in accordance with the Security Act (No. 4) B.E. 2551 and Miss Chinanut Jariyarudeechai, Chief Financial Controller served as Secretary of Audit Committee who oversee the activities of Audit Committee, minutes of meeting and documenting about the meeting.

Tenure

Member of Audit Committee has term of office according to their tenure for director position and member of Audit Committee who retires by rotation may be re-appointed for another term. Addition to the retirement by expiration of term, a member of Audit Committee must retire from office when.

- (1) Dead
- (2) Resign
- (3) Disqualified to being a member of Audit Committee according to this charter or regulations of the Securities and Exchange Commission.
- (4) The Board of Directors approved to retire.

A member of Audit Committee who wish to resign, shall submit a letter of resignation to the Chairman of Board of Directors and Board of Directors is an approver in the event that the entire Audit Committee shall retire from office. The Audit Committee that retired from office must acting in position to continue operation until new Audit Committee will be commissioned.

In the case of member of audit committee becomes vacant because of other causes in addition to retirement by rotation, the Board of Directors have to appoint a person who qualified to be a member of audit committee instead within 90 days to make the Audit Committee has full member according to the Board of Directors defined.

Duties and Responsibilities

The Audit Committee has duties and responsibilities as follows.

- (1) Review the accuracy of Company's financial statements as it should be according to the general accepted accounting standards and adequate disclosure.
- (2) Review the Company's internal control and internal audit systems to be appropriate and effective.
- (3) Review the Company's compliance with the law on Securities and Stock Exchange, requirements of the Stock Exchange of Thailand and laws relating to the Company's business.
- (4) Consider and make a proposal in re-appointment, termination and remuneration of auditor of the Company.
- (5) Meeting with the auditor specifically at least 1 time per year to discuss on various matters that the Audit Committee or the auditor see that it should be discuss in private.
- (6) Review the independence of auditor and determine the receiving other services policy that is non-audit service from the same audit firm.
- (7) Review the corporate governance policy and make the proposal any changes to approve by the Board of Directors.
- (8) Review the related party transactions or transactions that may have conflicts of interest to comply with laws and regulations of the Stock Exchange of Thailand. This is to ensure that such transactions are reasonable and in the best interests of the Company.
- (9) Review the Company's risk management systems to be appropriate and effective.
- (10) Consider the independence of internal audit department as well as to approve, appoint, migrate, lay off and consider the performance, meritorious service of internal audit head. All of this may hire individuals or external firm to perform internal audit work by nominate and

qualifications to the Audit Committee for approval at least once a year at the same time with an auditor nomination and practice as the Company conduct themselves tacitly.

- (11) Review and comment on internal audit plan, performance of internal audit department and coordinate with the auditor.
- (12) Prepare a report of the Audit Committee to disclose it in annual report of the Company that report must be signed by the Chairman of Audit Committee and must contain at least the following.
 - Commenting on the accuracy, completeness and reliability of the financial statements of the Company.
 - Commenting on the adequacy of internal control system of the Company.
 - Commenting on the compliance with law on the Securities and Exchange, requirements of the Stock Exchange of Thailand or the laws relating to the Company's business.
 - Commenting on the suitability of an auditor.
 - Commenting on the transactions that may have conflicts of interest.
 - The number of Audit Committee's meetings and the attendance of each member.
 - Comments or overall observation that the Audit Committee received from the performance of duties under the Charter.
 - Other issues that shareholders and investors should be informed under the scope of duties and responsibilities as assigned by the Board of Directors.
- (13) Investigate suspicious circumstances that director, manager or persons who responsible for operation of the Company committed an offense under the Securities and Exchange Act (No. 4) BE 2551 which the auditor detected and reported and the Audit Committee shall reports the results of preliminary inspection to Board of Directors, the Securities and Exchange Commission and the auditor within 30 days from the date of notification by the auditor. The suspicious circumstances that have to inform and method to get facts about such circumstances shall be in accordance the notification of the Capital Market Commission defined.
- (14) In performing of Audit Committee's duties, if found or suspected that it have transaction or action as follows which may have a significant impact on the financial position and operating results of the Company. The Audit Committee shall reports to Board of Directors for rectification within period that Audit Committee deem appropriate.

- Transaction was conflicts of interest.
- Fraud or irregularity or a significant deficiency in internal control system.
- Violation of the law on Securities and Exchange, requirements of the Stock Exchange of Thailand or the laws relating to the Company's business.

If the Board of Directors or Executive fails to make a rectification within period according to the first paragraph, one of member of Audit Committee may report such transactions or actions to the Securities and Exchange Commission or the Stock Exchange of Thailand.

- (15) Authorized to hire the consultant or outsider according to regulation of the Company to comment or consulting if needed.
- (16) Authorized to invite the Executive or any related person of the company to comment, attend meetings or provide relevant information.
- (17) Report the performance of Audit Committee to the Board of Directors acknowledge at least 4 times per year.
- (18) Evaluation of its own performance annually.
- (19) Review and evaluate on the adequacy of its charter and propose the change to the Board for approval.
- (20) Perform any other duties as assigned by the Board of Directors.

3) Executive Committee

As at December 31, 2016 the Executive Committee consisted of 4 members as follows.

No.	List of Executive Committee	Position
1.	Mr.Wiboon Sangwithayanon	Chief Executive Officer
2.	Miss Rewadee Whanchid	Executive Committee
3.	Miss Chinanut Jariyarudeechai	Executive Committee
4.	Mr. Peerapon Thantranon	Executive Committee

Elements and qualifications

The Executive Committee must has at least 3 members consisting of Chief Executive Officer as a Chairman of Executive Committee by position and other persons who the Board of Directors appointed to be member of Executive Committee, are employees and/or outsider. This requires knowledge and experience sufficient to serve management of the Company's business as well.

Term in office

Member of Executive Committee retire from office when

- (1) Dead
- (2) Resign
- (3) The Board of Directors approved to retire.

Any member of Executive Committee would like to resign, shall submit a resignation letter to Chairman of the Board. In cases where position member of Executive Committee is vacant, the Board of Directors shall appoint a new member of Executive Committee within 90 days to make Executive Committee has fully members as the Board of Directors defined.

Executive authority

- (1) Appointment, removal, transferring, considering meritorious service as well as determine compensation and benefits for employees in various levels including other working group to perform various activities in management of the Company.
- (2) Approve the sales under normal transactions of the Company in the absence of guarantees or collateral or not protect or exceed credit limit by insurance in excess amount of Baht 20 million (total amount per client).
- (3) Approve raw materials purchasing to produce in all items which excess from authority of the management.
- (4) Approve the sourcing and investment in fixed assets in excess amount of Baht 5 hundred thousand per time.
- (5) Approve the pretreatment, destroy, write off the fixed assets and intangible assets that depreciated, damaged, lost, destroyed or obsolete cannot be used which has total book value in excess amount of Baht 5 hundred thousand in each time.
- (6) Approve the reconditioning, destruction of raw materials and / or deteriorated inventory or obsolete, which would have book value decreased in excess amount of Baht 5 hundred thousand in each time.
- (7) Approve the compromise, dispute settlement by arbitration, grievances, litigation and / or the implementation of any judicial procedure on behalf of the Company for non-habitually of commercial with discount, in excess amount of Baht 5 hundred thousand in each time and / or habitually of commercial with discount, in excess amount of Baht 1 million in each time.

- (8) Authorized to perform in financial transaction with financial institution in account opening with bank, financial institution and request guarantee from bank, financial institution of not exceeding Baht 50 million.
- (9) Approve loans and guarantee to subsidiaries in the amount of not exceeding Baht 20 million per company.
- (10) The Executive Committee may authorize the executives or any person has the authority to perform in any or many matter according to the Executive Committee considered appropriate. The approval of executive committee and authorization must not the related transaction or transaction that may have conflict of interest or transaction that the members of Executive Committee are the stakeholders as defined in the Articles of Association and the announcement of the Capital Market Commission.
- (11) Hiring a consultant or independence person to provide comments or suggestions as needed.
- (12) Perform other duties according assigned from the Board of Directors in each period.

Duties and Responsibilities

- (1) Make recommendations on strategic direction, Management structure, Business plan and annual budget for the Board of Directors.
- (2) Responsible for management of the Company's business to comply with the direction, policy and goals of business.
- (3) Responsible for enhancing competitiveness of the Company and encourage to create innovation continuously.
- (4) Responsible for the operation of the Company to comply the law, objectives, articles of association, resolution of shareholders, resolution of Board of Directors as well as related regulations.
- (5) Ensuring the preparation of financial reports for the auditor to audit and / or review before propose to the Audit Committee and the Board of Directors respectively.
- (6) Consider and comment on the subject that must be approved by the Board of Directors. Except in any activities that the Board of Directors authorized to other committees to perform.
- (7) Consider and review the risk management and internal control systems of the Company.
- (8) Review and assess the adequacy of its charter and propose the change to the Board of Directors for approval.
- (9) Perform any other according to the Board of Directors assigned.

4) Nomination and Remuneration Committee

As at December 31, 2016 the Nomination and Remuneration Committee consists of 3 members as follows.

No.	List of Nomination and Remuneration Committee	Position	Remarks
1.	Miss Pranee Rattakam	Chairman of the Nomination and Remuneration Committee	Appointed 16 May 2016
2.	Mr. Theera Phetmalaigul	Nomination and Remuneration Committee	-
3.	Mr. Tatchapong Thamputhipong	Nomination and Remuneration Committee	-
4.	Asst.Prof.Dr. Pakdee Manaves	Chairman of the Nomination and Remuneration Committee	Resigned 16 May 2016

Objectives

The Nomination and Remuneration Committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors and sub-committees. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and/or to the Shareholders' Meeting.

Composition of the Nomination and Remuneration Committee

- (1) The Nomination and Remuneration Committee is to be appointed by the Board of Directors company's committee and has to comprise of not less than three persons, being the Company's directors and/or executives by more than one-half of the total number of Nomination and Remuneration Committee's members must be independent directors.
- (2) The independent director shall be the Chairman of the Nomination and Remuneration Committee.

The office term

- (1) The Nomination and Remuneration Committee's member has the office term of three years.
- (2) The Nomination and Remuneration Committee's member may be re-appointed as the Board of Directors see as appropriate.
- (3) Apart from vacating upon the end of office term stated in Item (1), the Audit Committee's member will retire from the office upon the following conditions:

- Resignation
- Dismissal by the Board of Directors

(4) The Board of Directors has power to appoint a new member of the Nomination and Remuneration Committee as to resume the operation and to substitute the member of the Nomination and Remuneration Committee who is out of office term according to Item (1) or Item (3) The substituted member can only be in the office within the remaining term of the member he/she replaced.

Duties and Responsibilities

Nomination

- (1) Setting guidelines and policies in nominating Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications, and proposing these ideas for approval by the Board of Directors and/or Shareholders' Meeting as appropriate.
- (2) Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
- (3) Executing other tasks related to nominations as assigned by the Board of Directors.
- (4) Evaluating the performance of the top management and reporting to the Board of Directors for their consent.

Remuneration

- (1) Preparing guidelines and policies in determining the Board of Directors and other sub-committees' remuneration, and proposing it to the Board of Directors and/or Shareholders' Meeting for approval as appropriate.
- (2) Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors by taking into consideration each director's duties and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.
- (3) Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders' Meeting.

- (4) Reporting policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
- (5) Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors.

The management team and other units have to report or present the information relating to the Nomination and Remuneration Committee in order to support the operation of the Nomination and Remuneration Committee to achieve their assigned tasks.

Reporting

The Nomination and Remuneration Committee directly reports to the Board of Directors.

Meetings

- (1) The Nomination and Remuneration Committee holds a meeting when seen as appropriate (at least 1 time a year) and has power to call for an extra meeting if necessary. The Nomination and Remuneration Committee shall comprise of not less than one-half of the total existing members.
- (2) All the Nomination and Remuneration Committee's members shall attend every meeting unless he/she has any necessary matter. In this case, the member has to notify his absence in advance to the Chairman of the Nomination and Remuneration Committee.
- (3) The Chairman of the Nomination and Remuneration Committee shall be the chairman of the meeting. In case where the Chairman of the Nomination and Remuneration Committee is absent, other Nomination and Remuneration Committee's members attending the meeting can select one member to be a substitute chairman of the meeting.
- (4) The resolution of the Nomination and Remuneration Committee can be made by majority vote. Any member of the Nomination and Remuneration Committee, who has any interest or benefit in the related topic shall not vote in that particular topic.
- (5) The meeting invitation letter shall be issued to the Nomination and Remuneration Committee in advance prior to the meeting date held. This excludes the emergency case, where the dates of the meeting will be informed by other methods or the meeting shall be scheduled earlier. The secretary of the Nomination and Remuneration Committee shall take the minutes of the meeting.

- (6) The Nomination and Remuneration Committee can invite any related personnel to attend the meeting in order to provide relevant information to the Nomination and Remuneration Committee.

8.3 Nomination and appointment of Directors and Executives

The Nomination and Remuneration Committee served for nominating candidates to replace Directors and Executives in the case of completed their terms resign or other. In order to comply with the corporate governance guidelines of the Stock Exchange of Thailand and Articles of Association, the Board of Directors and executives of the Company must be fully qualified by the Public Companies Act BE 2535 and the Securities and Exchange Act BE 2535.

The Nomination and Remuneration Committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors and sub-committees. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and/or to the Shareholders' Meeting.

The Charter of the Nomination and Remuneration Committee was approved by the Board of Directors Meeting No. 1/2016 on February 29, 2016 and become effective on February 29, 2016 onwards.

8.4 Supervision of Subsidiary and Affiliated Companies

The Company set up mechanism to supervise and oversee the operations of its subsidiary and affiliated companies as follows:

- (1) The Company sends representatives of the Company to serve as directors, executives, or authorized persons in such companies according to the ratio of shareholding which was approved by the meeting of the Board of Directors.
- (2) The Company has a policy to appoint the audits of the Company to serve as the audits of subsidiary and affiliated companies to regulate and ensure accuracy and completeness in the disclosure of financial status information and operation results, transactions between subsidiary companies and related persons, acquisition and disposal of assets or other important transactions, using the same criteria for disclosure of information and preparation of transaction used by the Company.

8.5 Control on the use of inside information

The Company controls on the use of inside information by the Code of Conduct for Directors, Management and Employees of Wiik & Hoeglund Public Company Limited which was approved by the Board of Directors Meeting No. 1/2016 on February 29, 2016 and it shall become effective from February 29, 2016 onwards.

The Company considered that Directors, management and employees will be responsible for keeping the confidential information of the Company strictly. Especially inside information that has not been disclosed to the public and impact on the business or securities price. Directors, Management including those related (Spouses and underage children of Directors and Managements) Employees will not take the opportunity of being a Director, Managements or Employees in the pursuit of personal gain and in business operation that compete or relate to the Company as well as will not take the inside information to their advantage in trading of the Company's securities and do not disclose confidential information to the competitors of the company's business, although they was terminated from Director, Managements or Employees already. The Company has process to control on the use of inside information for their own benefit or the others as follows.

- (1) Set for notification of Directors and Managements to understand the duty on reporting of securities holding of their own spouses and underage children as well as report of change in holdings in accordance with section 59 and Penalty provisions under section 275 of the Securities and Exchange Act BE 2535.
- (2) Limit acknowledgment of inside information only Director, Managements, Employees or insiders were involved as necessary and set the authority for the personnel authorized to disclose information of the Company clearly.
- (3) Send circular letter to notify suspend period for trading / transfer of the Company's securities (Backout Period) and prohibit to disclose inside information financial statements during the 1 month period before the public disclosure and within 24 hours after the disclosure of such information already, to Directors, Management including those related (Spouses and underage children of Directors and Managements) and management team for the compliance requirements in such period.
- (4) Set for Directors, Management including those related (Spouses and underage children of Directors and Managements) to inform about trading shares of the Company at least 1 day before trading to the Board of Directors or the assignment.

- (5) Set the regulations for security of computer system and information of the Company stringently.

The Company also impose penalties in case of breach on the use of inside information for their own benefit with penalties ranging from a verbal warning to leaving their job.

8.6 Remuneration of Auditor

Articles of Association stated that the Annual General Meeting of Shareholders shall appoint the Auditor and determine audit fee of the Company every year. The appointment of auditor can appoint existing auditor again. The auditor must not be a director, staff, employee or person who holding any position in the Company.

The Annual General Meeting of Shareholders 2016 on April 21, 2016 appointed Mr.Khitsada Lerdwana C.P.A. Registration No. 4958 or Mr.Termphong Opanaphan C.P.A. Registration No. 4501 or Ms. Sumalee Reewarabandith C.P.A. Registration No. 3970 or Ms.Thipawan Nananuwat C.P.A. Registration No. 3459 of E Y office Company Limited as the auditor of the Company with remuneration not exceeding 1,045,000 baht for the year ended December 31, 2016 including authorization by the Board of Directors to approve the audited financial statements that may occur during the year.

EY office Company Limited was an auditor of the Company since 2009 - 2016, total of 8 years and the auditor of its subsidiaries is the same office of the Company's Auditor. Details of audit fee as follows.

(1) Audit fee

Audit fees (Baht)	2016	2015	2014	2013
Annual audit	700,000	700,000	685,000	685,000
Review of quarterly financial statements (3 quarter)	345,000	345,000	330,000	330,000
Reporting package	-	-	52,000	52,000
Review of BOI certificates	-	-	-	100,000
Subsidiaries audit	465,000	465,000	477,000*	477,000*
Total	1,510,000	1,510,000	1,067,000	1,167,000

* In 2013-2014 the Company had 2 subsidiaries [WH pipe (Thailand) Ltd. and WH holdings Ltd.]

(2) Non-audit fee

In 2016 the Company paid non-audit fee which includes travel expenses and reviewed report expenses for the auditor total of Baht 10,367.34.

9. Information about Directors, Executives, Control authority and Company Secretary

Qualification List of Directors, Executives, Control authority and Company Secretary as at December 31, 2016.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
1. Dr.Vichit Yamboonruang Chairman of the Board of Directors Appointed on 16 Mar 2015	75	<ul style="list-style-type: none"> Ph.D Public & International Affairs, University of Pittsburgh, USA M.S. Science & Hygiene, University of Pittsburgh, USA M.A. Economics, Columbia University, New York, N.Y., USA 	0.05 (200,000 shares)	None	2005 – present	Chairman of the Board of Directors Chairman Independent Director / Chairman of Audit Committee Independent Director Independent Director Director	Wiik & Hoeglund PLC Global Bond Industrial Co., Ltd. Jasmine International PLC Rayong Purifier PLC Wally International Co., Ltd. Sangsin Property Co., Ltd.
					2005 – 2013	Chairman of the Board of Directors	Thai Premier League Co., Ltd.
2. Mr.Wiboon Sangwithayanon Director / Chief Executive Officer (Authorized signatory) Appointed on 3 Jun 2015	52	<ul style="list-style-type: none"> Master of Business Administration (MBA), Major in Marketing Management, National Institute of Development Administration Bachelor of Engineering (BE), Major in Civil Engineering, Chulalongkorn University Director Accreditation Program (DAP) class 120/2015 	None	None	Jun 2015 – present	Chief Executive Officer	Wiik & Hoeglund PLC
					2012 – May 2015	Vice President – Sales & Marketing	Wiik & Hoeglund PLC
					2007 – 2012	Business Development Manager / Project Manager	Vi-Va Limited Partnership
					2005 – 2007	Managing Director	Phetsiam PE Pipe Co., Ltd.
					2002 – 2005	Business Development Manager	Matech International Limited Partnership
3. Mr.Burin Kunatippapong Director Appointed on 1 Jun 2015	45	<ul style="list-style-type: none"> M.M (Entrepreneurship) with Distinction, College of Management, Mahidol University M.Eng Sc (Engineering Management), Queensland University of Technology, Australia B.Eng (Mechanical Engineering), Chulalongkorn University 	None	None	1989 – 2002	Marketing Manager	Wiik & Hoeglund PLC
					2015 – present	Managing Director	Koncise Co.,Ltd.
					Jun 2015 – present	Director	Wiik & Hoeglund PLC
					2011 – May 2015	Chief Executive Officer / Executive	Wiik & Hoeglund PLC
					2008-2010	Director Senior Vice President Thailand Branch Manager	Pacific Star International (Thailand) Ltd. Bovis Lend Lease (Thailand) Ltd.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
4. Mr.Vichien Tangudtaisuk Director (Authorized signatory) Appointed on 26 Feb 2015	59	<ul style="list-style-type: none"> Master of Business Administration (MBA), Chulalongkorn University Master Degree in Marketing (MIM), Thammasat University Bachelor of Education (Psychology), Chulalongkorn University Bachelor of Laws, Ramkhamhaeng University 	None	None	Feb 2015 – present 2011 – present 2010 – present 1998 – present 1998 – present 2002 – 2012	Director Director Director Director Adviser to the Board of Directors	Wiik & Hoeglund PLC Apollo Solar Co., Ltd. Multibax PLC Thai Housing Development Co., Ltd. Yawawong Holding Co., Ltd. Grand Unity Development Co., Ltd.
5. Miss Rewadee Whanchid Director / Executive Committee (Authorized signatory) Appointed on 24 Feb 2015	46	<ul style="list-style-type: none"> Master of Business Administration, Kasetsart University Bachelor of Business Administration, Ramkhamhaeng University 	None	None	Feb 2015 – present 2014- present 2012- present 2008- present 1994- present	Director Director Director Director Assistant Managing Director	Wiik & Hoeglund PLC Thai Consumer Distribution Centre Co., Ltd. Mantra Assets Co., Ltd. Aqua Ad PLC Aqua Corporation PLC
6. Asst.Prof.Dr. Pakdee Manaves Independent Director Appointed on 24 Feb 2015	52	<ul style="list-style-type: none"> D.Eng, Industrial Engineering, Kasetsart University (Collaboration with Case Western Reserve University, USA) PhD in International Business Management, American University, USA Master of Business Administration, University of Liverpool, UK Bachelor of Political Science (first class honors, gold medal) Ramkhamhaeng university B.Eng, Chulalongkorn University 	None	None	Feb 2015 – present 2009 – present 2004 – 2012 2010 – 2012 1997 – 2004	Independent Director Assistant Professor Deputy Managing Director Managing Director Managing Director	Wiik & Hoeglund PLC Stamford International University Bangkok Aviation Fuel Services PLC JP-One Asset Co., Ltd. Fosroc (Thailand) Limited
7. Miss Pranee Rattakam Independent Director / Chairman of the Audit Committee Appointed on 21 Apr 2016	52	<ul style="list-style-type: none"> Master of Business Administration, Chulalongkorn University Certified Public Accountant (CPA) 	None	None	April 2016 – present 2010 – present 2003 – present	Independent Director / Chairman of the Audit Committee Independent Director / Audit Committee Assistant Chief Executive Officer	Wiik & Hoeglund PLC Aqua Corporation PLC Krung Thai Card PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		<ul style="list-style-type: none"> Bachelor of Accounting, Chulalongkorn University Director Accreditation Program (DAP) class 79/2009 					
8. Mr.Theera Phetmalaigul Independent Director / Audit Committee Appointed on 24 Feb 2015	44	<ul style="list-style-type: none"> Master of Engineering (Mechanical), Cornell University, College of Engineering, Ithaca, NY, USA Bachelor of Engineering (Mechanical), Chulalongkorn University Director Accreditation Program (DAP) class 120/2015 	None	None	Feb 2015 – present 2012- present 2011-2012 2010-2011	Independent Director / Audit Committee Chairman of the Board of Directors Asia Pacific Stewardship & Analysis Manager Shutdown and Turnaround Manager	Wiik & Hoeglund PLC Global Success Partner Co., Ltd. ExxonMobil Co., Ltd. Esso Sriracha refinery, Esso (Thailand) PLC
9. Mr.Tatchapong Thamputthipong Independent Director / Audit Committee Appointed on 24 Feb 2015	52	<ul style="list-style-type: none"> Master of Business Administration, Thammasat University Bachelor of Business Administration (Finance and Banking), Chulalongkorn University 	None	None	Jun 2015 – present Feb 2015 – present 2014 – May 2015 2012 – 2013	Senior Vice President Independent Director / Audit Committee Senior Vice President & Division Head Chief Executive Officer Managing Director Managing Director	Siam Commercial Bank PLC Wiik & Hoeglund PLC Bangkok Bank PLC Corporate Group of Thonburi Hospital Ameditech Corporation Co., Ltd. Dental Siam Co., Ltd.
10. Miss Chinanut Jariyarudeechai Executive Committee / Chief financial controller Appointed on 12 May 2015	39	<ul style="list-style-type: none"> Bachelor of Accounting , Chiangmai University 	None	None	May 2015 – present Dec 2014 – Apr 2015 2011-2014	Executive Committee / Chief financial controller Accounting Manager Accounting Manager	Wiik & Hoeglund PLC Wiik & Hoeglund PLC Real Move Co., Ltd.
11. Mr. Peerapon Thantranon Executive Committee / Domestic Sales Manager	49	<ul style="list-style-type: none"> St. Joan Of Arc Commercial School 	None	None	Jul 2015 – present Mar 2013 – Jun 2015 Jan 2008 – Sep 2009 Jan 2006 – Jan 2007 Sep 1993 – Jan 2006	Domestic Sales Manager Assistant Sales Manager Sales & Marketing Executive Assistant Sales Manager Senior Executive Officer	Wiik & Hoeglund PLC Wiik & Hoeglund PLC Texcom Export Co.,Ltd. Phetsiam PE Pipe Co.,Ltd. Wiik & Hoeglund PLC
12. Mrs. Sasiwimon Wirojchewan Administrative & Procurement	50	<ul style="list-style-type: none"> Master of arts in Economic Law, Faculty of Law, Chulalongkorn University 	None	None	2005 - present	Administrative & Procurement Manager	Wiik & Hoeglund PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
Manager		<ul style="list-style-type: none"> Bachelor of Science in Social Psychology, Faculty of Education, Ramkhamhaeng university 					
13. Miss Jarunee Anansuksakun Technical & Product Manager	43	<ul style="list-style-type: none"> Master of Business Administration National Institute of Development Administration Bachelor of Environmental Engineering, Chulalongkorn University 	None	None	2000- present	Technical & Product Manager	Wiik & Hoeglund PLC
14. Mr. Arom Petchmanee Factory Manager	52	<ul style="list-style-type: none"> Doctor of Business Administration (DBA) Western University Master of Business Administration (MBA) Burapha University Master of Business Economics (MBE) Kasetsart University Bachelor of Laws (LL.B.) Ramkhamhaeng University Bachelor of Industrial Technology in Electrical Engineering (Electrical Power) Srinakharinwirot University Bachelor of Science in Industrial Technology (Electronics) Rajabhat Institute Chachoengsao Bachelor of Science in Industrial Technology (Production) Petchburiwittayalongkorn Teachers College. (under the Royal Patronage) 	None	None	2007 – present	Factory Manager	Wiik & Hoeglund PLC
15. Mr. Krisnat Busapavanij Export Sales Manager	45	<ul style="list-style-type: none"> Master of Business Administration: International Management Emphasis, 	None	None	2010 - present	Export Sales Manager	Wiik & Hoeglund PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		Bellevue University, USA. ● Bachelor of Business Administration, Bangkok University					
16. Miss Parichart Wongwiwat Business Development Manager	47	● Bachelor of Business Administration, General Administration, Ramkhamhaeng university ● Master of Public Administration, Public and Private Management, National Institute of Development Administration	None	None	Jun 2015 – present May 2010- May 2015 Oct 1998 – Feb 2010	Business Development Manager Assistant Managing Director Assistant Manager of Sales and Marketing	Wiik & Hoeglund PLC Thai Gow Gai Group Co., Ltd. Wiik & Hoeglund PLC
17. Mr. Wittaya Janta-ummao Company Secretary Appointed on 12 May 2015	31	● Bachelor of Economics, Chiangmai University	None	None	May 2015 - present Oct 2014 – Apr 2015 2011 – Sep 2014 2008 - 2011	Corporate Secretary / Investor Relations Corporate Secretary / Investor Relations Corporate Secretary / Investor Relations Research Assistant / Transport economist	Wiik & Hoeglund PLC Asset Bright PLC General Engineering PLC Smart Plan Consultant Co., Ltd.

Details on the tenure as Directors and Executives in Subsidiaries, Associates and related companies as of December 31, 2016

No.	List of Directors	The Company	Subsidiary (Wiik Water Co., Ltd.)	Associates (None)	Related Companies (None)
1.	Dr.Vichit Yamboonruang	X			
2.	Mr.Wiboon Sangwithayanon	//	/		
3.	Mr.Burin Kunatippapong	/			
4.	Mr.Vichien Tangudtaisuk	/	/		
5.	Miss Rewadee Whanchid	//	/		
6.	Asst.Prof.Dr. Pakdee Manaves	/			
7.	Miss Pranee Rattakam	/			
8.	Mr.Theera Phetmalaigul	/			
9.	Mr.Tatchapong Thamputthipong	/			

Notes

- (1) / = Director X = Chairman of the board // = Executive Director
- (2) Related Companies shall mean juristic person definition of the person who may have a conflict of this announcement.

10. Corporate Social Responsibilities: CSR

10.1 Overall Policy

Wiik & Hoeglund Public Company Limited ("the Company") operates core business is the manufacture and distribution of high quality plastic pipes and fittings for application of various types by quality of our products and services are recognized internationally. The Company has significant part in upgrading quality of water supply infrastructure which is important and affect to the quality of life development of people in the country directly.

The Board of Directors aware of the responsibility to society and environment for the sustainability of business and overall society. And to provide the Company and its subsidiaries have the social and environmental responsibility guidelines to take part in the management of business processes (CSR-in-Process). Therefore the Company determined the corporate social responsibility policy (CSR) as follows.

1) Operation with fairness

To achieve fairness in business operation, the Company has determined code of ethics for its employees and announced a guideline for operations of the Company on June 22, 2009 and updated Code of Conduct on February 29, 2016.

The Company expects all staff to perform their duties without obligation or commitment of any relevance that related to exploitation by outsiders. The business operation or any legal action of the Company must be correctly under legal and any related regulations always, both transactions occurring domestic and overseas.

The Company operates its business based on openness, honesty, reliability, rationality and justice. Such fundamental ethical principles will be taken to treat our customer, partner, government official and personnel in the group companies as well as any business operation that related to products and environment.

2) Anti-Corruption

The Company operates with transparency under the rules of fair competition. Therefore, the Company does not accept contacting or doing business that non-transparent or connected to corruption which is an action that inconsistent with fair competition and destroy our honor and reputation of organization and country.

The Company's Directors, Executives, and employees are prohibited from engaging in any acts related to any form of corruption for the direct or indirect benefit of oneself, family, friends, or acquaintance, whether to receive from or give a bribe in the form of money or any others to government or private agency that the Company conducts business with or contacts, and shall strictly comply with the anti-corruption policy of the Company.

The Company has also ensured to provide a structure of responsibility, risk management system, internal control, and internal audit to prevent and suppress corruption in the Company.

The Board of Directors' Meeting No. 8/2015 on August 11, 2015 approved the intention to join the Private Sector Collective Action Coalition against Corruption (CAC) and ratification to acknowledge the agreement under declaration of CAC on Anti-Corruption in all forms on August 31, 2015 and has applied for approval to the Board of CAC on December 14, 2016. Moreover, the Board of Directors approved the Anti-Corruption Policy of the Company which was effective on August 11, 2015.

3) Respect for human rights

The Company focus on human rights basic to promote respect for rights and freedoms of non-discrimination and promote equality by regardless of the differences of race, skin color, gender, language, religion, physical status or health and we expect all staff to treat each other with honesty, integrity, fairness and respect which includes respect for different culture and traditions. The Company does not accept disparaging, bias, favoritism, discrimination and does not accept any behavior of its employees or partners who are behaving in a way threatening or damaging to the Company. We defined the ethical principles guidelines for employees which sets guidelines on such matters clearly. And announced a guideline for operations of the Company on June 22, 2009 and updated Code of Conduct on February 29, 2016.

4) Practice on workers fairly

The Company treats employees equally and fairly and provides welfare, safety and hygiene in the workplace including compliance with organizational learning policy and personnel development to promote working of employees professionally. Development of working system and creates innovation in organizations as well as encourages employees to participate in making benefits to society both directly and indirectly.

The Company has policy on recruiting, developing and retaining personnel because we realized that personnel are important in achieve the Company's goal. So the Company has developed the personnel continuously by providing training/seminars internally and externally by qualified trainers, especially in the building conscience and training on teamwork, good service, love of organization, and development of the job system.

The Company has given priority to creation of morale and spirit and pride in working to the employees by setting the remuneration and progress in the organization based on knowledge, capability and equity, including providing suitable fringe benefit, as well as developing the livelihood of the personnel better.

5) Responsibility to Consumer

The Company has international manufacturing quality standards which was being certified ISO 9001: 2008 and ISO 14001: 2004 for the production of PE pipes and pipe fittings. The Company produce according to manufacturing standards that customer require such as TIS 982-2556, ISO 4427-2, ASTM D3035, DIN 8074, ASTM F714, AS/NZS 4130 and EN 12201-2.

The Company focuses on products quality control from the selection and monitoring of resins to get the genuine raw material of high quality polyethylene compound for use in the manufacturing. Quality control in the manufacturing process (In Process Quality Control) until inspection before delivery to the customer (Final Inspection) by using standardized tests that are internationally recognized. Thus, it is ensuring that products and services of the Company have highest quality throughout duration of use.

6) Caring for environment

The Company is a leading manufacturer of HDPE pipe in Thailand for over 30 years. We conduct business under the quality policy and environmental conservation. Thus, the Company was being recognized in terms of products and quality control internationally by focus on environment saving and development policy under the theme “Improving Your Living Environment”. Production process and products of the Company not pollute and environmentally friendly. The Company proud that has international standard of environmental conservation ISO 14001.

The company continues to focus on environmental management and attempts to least cause of environmental impact whether our employees, location and nearby communities. The environmental management concerns manufacturing process, chemical using in production and machine maintenance including with disposal hazard and non-hazard waste under legal standard. The environmental management activities as follows;

- External Audit ISO14001 from Third parties and surveillance auditor and Internal Audit in the company
- Environment campaign and continuous training environment acknowledge along with visiting outside
- Making contact with supplier to disposal the waste who under control of Department of Industrial Works (DIW) and all concerned
- Appointing an environmental management committee in order to visual inspection to evaluate potential environmental concern and monthly situation report.
- Communicate environmental issue with nearby communities and all accept if they have an environmental complaint.
- Monitoring and improving cooling water system in production process in order to reduce water consumption and recirculation system.

- Electrical conservation plan development to improve electricity efficiency in order to reduce electric power consumption.
- Increase green area by planting trees around the factory.
- Monitoring and measurement procedure of workplace environment regulation.

7) Community or social development

Since the company's business is in the manufacturing sector which our factory was located in Rayong Province. The company is well aware of community effect, so we have decided to build our plant in the best industrial estate that high management standard, reliable and friendly community located. The company has defined the definition of production process, security system, hygienic condition and friendly environmental. Moreover we are providing to support public communities and social responsibility such as donation our product to public construction and participate various social activities. In additional the company's recruitment policy will give priority the candidates who are domiciled in the vicinity in order to increase local employment, economy growth and improve the well-being of local communities.

8) Dissemination of innovation from operation with responsibility to social environmental and stakeholders

The Company has significant part in upgrading quality of water supply infrastructure which is important and affect to the quality of life development of people in the country directly. Especially the upgrading of quality standard of water pipeline that changed from steel pipe to high density polyethylene pipe (HDPE) today, which is the same type used in developed countries such as Europe in all water supply system for over 50 years. So it solves the problem of rust from steel pipe and makes tap water safe for consumers. This type of pipe is easier for installation, so it reduce the time to place pipeline and has longer lifetime worth the investment.

But in the past, the using of HDPE pipe in Thailand still faces several obstacles especially the quality standard that use of low-quality raw materials to produce. Some contractor who want to reduce costs, use this weakness select the pipe with a mixture of recycled plastic which has a lower price cause many of problems such as.

- Leaks or broken problem affect the inconvenience and unsafe in use of consumers.
- The agency that responsible for production and expand the water supply network have to waste budget to repair the damaged pipes and unrewarding for investment from the lifetime that is not durable long-standing

- Many HDPE quality standards pipe manufacturer affected from the price competition unfairly.

The Company understood this problem very well and keeps the standard and quality policy to the highest at all time to provide confidence and safety for the user and also improves the quality of life of people in Thailand.

10.2 Activities to benefit society and environment

In 2016, the Company has the activities to benefit society and environment as follows.

(1) Improvements in building, sewer, and toilet of Khanom police station

On November 4, 2016 Wiik & Hoeglund Public Company Limited and Wiik Water Co. Ltd. supported the project to improve building, sewer, and toilet of Khanom police station, Khanom Sub-District, Khanom District, Nakhon Si Thammarat Province in the amount of Baht 72,800 partially.



(2) Supporting equipment for the fishery

On November 7, 2016 Wiik & Hoeglund Public Company Limited supported equipment for the fishery to Khaewng Phao Community, ThongNien Sub-District, Khanom District, Nakhon Si Thammarat Province in the amount of Baht 197,934.



10.3 Anti-Corruption Policy

The Board of Directors' Meeting No. 8/2015 on August 11, 2015 approved the intention to join the Private Sector Collective Action Coalition against Corruption (CAC) and ratification to acknowledge the agreement under declaration of CAC on Anti-Corruption in all forms on August 31, 2015 and has applied for approval to the Board of CAC on December 14, 2016. Moreover, the Board of Directors approved the Anti-Corruption Policy as follows.

1) Corruption

Corruption may include the abuse of entrusted power for private gain by offering, promising, giving, accepting or soliciting of direct and/or indirect as inducement for an action which is illegal and unethical. Inducement can take the form of gifts, offering, rewards or other advantages to government official or other stakeholders whom the company has to deal with.

2) Policy

Wiik & Hoeglund Public Company Limited and its subsidiary conduct business with transparency, under the rules of fair competition. The Company shall not engage in obscure business or business that enables corruption which is not in accordance with the rules of fair competition and destroys the honor and credibility of the Company and the country.

The Company's Directors, Executives, and employees are prohibited from engaging in any acts related to any form of corruption for the direct or indirect benefit of oneself, family, friends, or acquaintance, whether to receive from or give a bribe in the form of money or any others to government or private agency that the Company conducts business with or contacts, and shall strictly comply with the anti-corruption policy of the Company.

The Company has also ensured to provide a structure of responsibility, risk management system, internal control, and internal audit to prevent and suppress corruption in the Company.

3) Duties and Responsibilities

- (1) The Board of Directors shall consider and approve policies against corruption of all forms whether direct or indirect to be used a guideline by all employees.
- (2) The Board of Directors shall comply with the anti-corruption policy and assign the executive to implement the anti-corruption measures.
- (3) The Audit Committee shall audit and review to ensure good corporate governance practices in the Company that are in line with the relevant policies, regulations, and laws.
- (4) The Audit Committee must report if they discover or suspect any transactions or acts, which may significantly affect the financial status and operating results of the Company, and corruptions to the Board of Directors.
- (5) The internal audit office shall directly report to the Audit Committee and shall carry out auditing of operations of every unit to ensure compliance with the company's regulations and evaluate efficiency and sufficiency of the internal control system based on the principles of good corporate governance.
- (6) The Executive shall communicate to all personnel in the Company and related persons the Company's anti-corruption policy.

4) Measures

- (1) The Directors, Executives, and employees shall comply with the anti-corruption policy. The Board of Directors shall assign the executive to communicate the policy to all employees and implement the anti-corruption measures.
- (2) The Directors, Executives, and employees who violate or fail to comply with the good corporate governance and anti-corruption policies shall be penalized in accordance with the laws and the Company's regulations. However, the Company shall not demote or negatively penalize those who fail to comply with anti-corruption policy even though they may cause the Company to loss business opportunity.
- (3) The Company shall lay out disbursement regulations with clearly defined amount, approval authority, objective, and receiver. Proof of documents shall be required to prevent fraud or corruption and inspection by internal control office must be carried out.

- (4) The Company shall audit sales and marketing work, acquisition, and contracts with risk of corruption to be in compliance with disbursement and acquisition regulations. The internal audit office shall provide opinions and monitor the process.
- (5) The Company shall provide human resource management process that reflects the commitment of the Company to fight against corruption from recruitment, training, evaluation, compensation, and promotion.
- (6) The Company shall provide internal audit to ensure that the internal control system is effective and helps the company to achieve its goals, as well as to ensure that every unit's operation complies with regulations and to find weakness and defect in the operation and provide recommendations on operation system to improve efficiency and effectiveness in accordance with good corporate governance.
- (7) The internal audit office shall immediately report matters to the Audit Committee which shall notify the Board of Directors.

5) Form of corruption

To achieve the clarity in practice on the high risk matter to corruption. All employees must practice with caution on defined matter as follows.

❖ Political Contributions

Political Contributions refer to financial support or donation of items and/or participation in activities; or the Company's support for Employees to attend political events in its name in order to acquire business advantages. This however does not include Employees' own participation on the basis of his/her personal rights and freedom, but they must not claim the status of being an employee of the Company or use any of the Company's property or equipment for the purpose of political activities.

The Company and its subsidiary's policy is to conduct business on a neutral basis with neither political alignment nor attachment to any professional politician of any party. The Company does not make any donations as a company to political parties, politicians or candidates for a political office as defined in paragraph one for benefit of the Company's business.

❖ Charitable Contribution, Donations and Aid Grants

Charitable Contribution, Donations and Aid Grants can be a risk in corruption to the Company when the activity refers to a payment but without constructive returns. Besides, the activity can

become a claim or a means of corruption. To avoid any Charitable Contribution, Donations and Aid Grants with a hidden agenda, the Company formulates a policy, criteria, review process and control details as follows:-

- A Charity or Donation or Aid Grants activity has to be proven that it actually exists; that actions have been made to successfully realize the purpose of the project and that it is set up for the real benefit of the society or for the Corporate Social Responsibility (CSR) purpose.
- A Charity or Donation or Aid Grants has to be proven that it has nothing to do with a reciprocal return with anyone or any organization except an action to honor the donor as normally practiced such as displaying our logo, mentioning the Company and its subsidiary name at the event or in a public relation media.

❖ Sponsorships

Sponsorships differ from Charitable Contribution, Donations and Aid Grants as they provide a channel for the Company to promote its business, logo or goodwill may, too, contain a risk as money usually paid for business or benefit is difficult to detect and measure. In addition, the Sponsorships could be related to bribing. The Company and its subsidiary formulates a policy, criteria, review process and control details as follows:-

- A project has to be proven that the person soliciting for sponsorship has actually run the project; that his action is to realize the project's purpose; and that the project is created for the real benefit of the society or for the CSR purpose.
- It has to be proven that sponsorship or any other profit computable in a monetary value such as gift of accommodation and food has nothing to do with a reciprocal return with anyone or any organization unless it is an announcement to honor the person as normally practiced in the business.
- Before making any sponsorships, a requisition form naming the recipient(s) and describing the purpose of the sponsorship, along with all other supporting documents, must be submitted to the Company's authorized persons for approval in accordance with the Company and its subsidiary's Approval Authority.

❖ Gifts, Hospitality and Others

The Company and its subsidiary recognize that fostering good relationships with business partners is important to its continued success. The giving and receiving of gifts and/or hospitality and/or expenses relating to others to or from third parties is not prohibited if the following requirements are met:

- It is not made with the intention of influencing, inducing or rewarding a third party in order to gain any advantage through improper performance, or in explicit or implicit exchange for favors or benefits;
- It complies with all relevant laws;
- It is given in the Company's name, not the Employee's name;
- It is appropriate in the circumstances. For example, it is customary for small gifts to be given at Thai New Year (Songkran), Chinese New Year and International New Year;
- It is an appropriate type and value, and given at an appropriate time. For example, if the Company is engaged in a tendering process, the Employees must not accept gifts and/or hospitality from any participating company;
- It is given openly, not secretly.

The Employees are permitted to keep small gifts with a monetary value of 5,000 baht or less. Any gifts which have a monetary value greater than 5,000 baht may be accepted if it is deemed inappropriate to decline the offer. The Employees must declare each gift by using the Gift Declaration Form and send it to the Secretary of the CEO. These gifts will either be included in raffles for the Employees or donated to charity.

6) **Risk assessment**

The Company's management have to provide the Control Self-Assessment which covers the potential risk of corrupt regularly and reviewing the existing risk management measures to be appropriate to protect the risk to be in acceptable level.

7) **Human resources**

This Policy will be adopted by the Human Resources and Administration Department of the Company and its subsidiary and apply to all aspects of personnel management, i.e. recruitment, training, performance evaluation, remuneration and promotion.

8) Communicating Anti-Corruption Policy

- (1) The Company shall post the notice of anti-corruption policy on every public relation board of the Company.
- (2) The Company shall communicate anti-corruption policy through communication channels of the Company including the Company's website, annual transaction statements (Form 56-1), and annual report (Form 56-2).
- (3) Every employee must sign the form as an agreement for acknowledging the Codes of Conduct and anti-corruption policy and agree to comply with the regulations to prevent for using reason of not having read or signed the form as an excuse to not comply with the Code and policy.
- (4) If any regulation in the Codes of Conduct or anti-corruption policy is canceled, such cancellation shall be approved by the Board of Directors and must be immediately announced.
- (5) The Company will communicate the Anti-corruption policy to the agents, Suppliers, Distributors/Service Providers as well as the other parties involved to acknowledge from the beginning of business relations and later as appropriate. The Company encourages the agents, Suppliers, Distributors/Service Providers and the other parties involved adherence to standards of social responsibility as well as the Company and its subsidiary.

9) Reporting or Complain

The Board of Directors has set out measures for reporting or submitting complains on unlawful or unethical acts or acts of corruption or wrongdoing by the company's personnel, as well as on inaccurate financial statements or defected internal control system and has implemented protective measures for reporters. This is to encourage stakeholders to be involved in overseeing and protecting the interests of the Company more efficiently.

- (1) Scope of reporting and complaining
 - Unlawful acts, acts of corruption, violation of the Company's Articles of Association or Ethics by the Directors, Executives, and employees.
 - Anomalies in financial statements and defects in the internal control system.
 - Matters affecting the interests or reputation of the Company.
- (2) Reporting or complaining channels

- Opinion boxes of the Company
- Contact Chief Executive Officer
E-mail: wiboon@wiik-hoeglund.com
Tel: 02-612-8600 Ext. 8650
- Contact Chairman of the Audit Committee
E-mail: pranee.r@ktc.co.th
Tel: 02-612-8600
- Contact Secretary to the Audit Committee
E-mail: chinanut@wiik-hoeglund.com
Tel: 02-612-8600 Ext. 8620

(3) Protective measures for reporters

- The Company shall not disclose information and identity of those who petition, complain, and the accused.
- The Company shall disclose information as necessary and shall consider the safety and damage of the reporter, source of information, and related persons.
- Those who receive damages shall be mitigated with fair and appropriate process.
- It is a duty of the commanders or heads of the units of the accused to exercise due care in giving orders to protect the petitioner, witness, and informant during investigation.

10) Process after reporting

(1) Collecting facts

Officer shall proceed to collect all facts and send a report to Secretary to the Audit Committee.

(2) Information screening and investigation

Secretary to the Audit Committee shall present the information to the Board of Director or Chief Executive Officer to appoint investigation committee to carry out information screening and investigation. The investigation committee shall be composed of:

Personnel Manager or representative from the department.

- Commander in the petitioner's line of work who shall not have conflict or material interest with the petitioner.

- Commander in the accused's line of work who shall not have conflict or material interest with the accused.
- Senior executive officer

Secretary to the Audit Committee shall participate to observe the investigation process.

(3) Determining operation measures

Secretary to the Audit Committee shall prepare summary report and submit to the Board of Directors or Chief Executive Officer whichever the case for approval of operation.

For the case that affects the reputation, image, or financial status of the Company or conflicts with the business policy of the Company or relates to senior executive, Secretary to the Audit Committee shall submit report to the Audit Committee and/or Board of Directors for consideration.

11) Monitoring and reviewing

The Company Secretary will review this policy and proposed to the Audit Committee and the Board of Directors for approval, if there are changes including supervise and monitor this policy into practice and provide advice continuously. If there are any updates, the Company has to implement as soon as possible.

12) Punishment

The punishment shall be in accordance with the Company's rules of employee discipline and / or related laws.

11. Internal Control and Risk Management

11.1 The Board of Directors' Comment regarding the internal control system

The Board of Directors' meeting No. 1/2016 held on February 22, 2017 by an independent director and audit committee includes 3 members attended the meeting. The Board has assessed the Company's internal control system by questioning information from the management and inspection documents from the management including the assessment of the management and preparation of the report of the Audit Committee. The conclusion after an assessment of the internal control of the company in various five components: (1) Internal organization control (2) risk assessment (3) The operational control (4) Information and Communication system, and (5) Tracking and trace back system.

The Board of Directors concluded that the Company's internal control systems are adequate and appropriate. The Company has provided sufficient personnel to implement the system effectively.

The internal control system can monitor the operations of its subsidiaries to protect the Company's assets and its subsidiaries by illegally used or without authority of the directors or executives as well as sufficiently monitor the transactions with persons who may have conflicts of interest and related party. For other internal control subjects, the Board of Directors considered that the Company has sufficient internal control as well.

11.2 The opinion of the Audit Committee

As the assessment of the internal control systems above, the Independent Director and Audit Committee do not have any further observations from the Board of Directors. Moreover the auditor of the company, Ms.Thipawan Nananuwat Auditor License No. 3459 of EY Office Limited, who is the auditor of quarterly and year ended 2016 expressed the opinion in the auditor report as follows.

I have audited the accompanying consolidated financial statements of Wiik & Hoeglund Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated 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, and have also audited the separate financial statements of Wiik & Hoeglund Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wiik & Hoeglund Public Company Limited and its subsidiary and of Wiik & Hoeglund 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.

11.3 Head of Internal Audit and supervisors overseeing the company's operations

The Audit Committee's meeting No. 1/2016 held on February 29, 2016 has assigned JP Tip Audit Limited to perform the internal auditor of the Company since January 1, 2016 until December 31, 2016. The JP Tip Audit limited has appointed Mr.Napat Kongyarit to be main duty of the internal auditors of the Company.

The Audit Committee has considered the qualifications of JP Tip Audit Limited and Mr. Napat and concluded that there is sufficient and appropriate for such duties. They are independence and experienced in the field of internal audit of the industry in the same as company business for 7 years

However, the consideration and approval of the appointment, removal, transfer the incumbent head of internal audit of the company must be approved by the Audit Committee.

12. Related Party Transaction

12.1 Related transactions with related parties that may lead to conflicts in the past year.

Related Parties	Relationship	Category	Separate financial statements (thousand baht)		Description
			2016	2015	
Uponor Infra Ltd.	Beginning on February 24, 2015 Uponor Infra Ltd. is not a parent company.	<ul style="list-style-type: none"> Administrative expenses 	-	1,162	Management fee and technical assistance fee expenses.
Wiik Water Co., Ltd.	Subsidiary in 100% holding	<ul style="list-style-type: none"> Sales income 	644	1,400	Pipe and fittings sales
		<ul style="list-style-type: none"> Interest received 	2,883	175	Loans are due on demand
		<ul style="list-style-type: none"> Other income 	10	-	Employee benefits income
		<ul style="list-style-type: none"> Other payables 	15	-	
		<ul style="list-style-type: none"> Cost of sales 	727	8,009	Welding and other services cost
		<ul style="list-style-type: none"> Trade payables 	-	209	
		<ul style="list-style-type: none"> Administrative expenses 	331	2,217	Engineering services fee
		<ul style="list-style-type: none"> Other payables 	359	494	
		<ul style="list-style-type: none"> Investments in subsidiary 	51,747	20,650	New shares subscription of Baht 31.75 million
		<ul style="list-style-type: none"> Allowance for impairment loss of investment 	-	(650)	
		<ul style="list-style-type: none"> Short-term loans 	102,800	-	Interest rates of 4.1% - 5.5% per year

12.2 Necessity and reasonableness of the transaction.

The Audit Committee has provided an opinion on the reasonableness of the transactions of the Company and related companies as follows: (A copy of the opinion of the Audit Committee as attached).

The company is engaged in the manufacture of pipes and fittings made of plastic. The related companies which is operated in the same line of work. The transactions with related items such as trading goods such as pipes and fittings. Machine tool the equipment used in the production of raw material costs and installation operations. Intercompany loans Loan Guarantees and consulting, etc.

By conducting the entire transaction. The transaction is reasonable. According to the rules of business and the general price level with traded with outsource supplier. The process of approving the transaction. According to usual business Policies and procedures. As well as transactions with third parties or other activities that are not related to each other. Namely to consider the interests of its shareholders.

12.3 Policy and trends for transactions in the future.

If a company has entered into a transaction that is in accordance with normal business operations. The Company will determine the price and conditions of the items to clear and can be compared with others. The company will provide the Audit Committee of the Company to consider and comment on the appropriateness and reasonableness of the transaction.

Transactions that may occur in the future. The Board of Directors will act in accordance with the laws and regulations of the Securities and Exchange Commission announced the order or the terms of the Stock Exchange of Thailand. As well as compliance with the disclosure of related party transactions. And the acquisition or disposal of major assets of the company or its subsidiaries. And accounting standards set by the Association of Accountants.

13. Key Financial Information

13.1 Summary Financial Statements

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014-2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2016	2015	2014	2016	2015	2014
Assets						
Current assets						
Cash and cash equivalents	130,087,140	71,302,684	35,342,005	122,993,553	54,826,481	34,735,250
Trade and other receivables	328,041,645	369,705,961	229,913,761	285,041,710	342,344,143	231,579,152
Inventories	270,995,945	223,487,534	212,456,156	270,131,838	222,490,656	211,369,909
Short-term loans to related party	-	-	-	102,800,000	-	-
Advance payment to subcontractors	705,977	28,313,619	28,318,778	-	28,243,619	28,243,619
Other current assets	44,951,711	6,685,653	4,781,766	31,032,346	5,111,868	4,175,570
Total current assets	774,782,418	699,495,451	510,812,466	811,999,447	653,016,767	510,103,500
Non-current assets						
Restricted bank deposits	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Investments in subsidiaries	-	-	-	51,747,200	20,000,000	-
Other long-term investment	21,245,632	21,245,632	21,245,632	21,245,632	21,245,632	21,245,632
Property, plant and equipment	529,475,106	451,225,061	342,744,086	480,149,766	446,723,824	337,326,698
Intangible assets	109,465,114	3,665,647	621,820	2,687,564	3,665,647	621,820
Deferred tax assets	18,670,226	13,402,878	10,037,990	17,946,531	13,086,820	9,710,544
Advance payment for machinery	46,752,851	-	-	4,315,351	-	-
Other non-current assets	22,564,225	24,324,311	20,514,650	14,986,017	17,756,168	15,094,093
Total non-current assets	764,173,154	529,863,529	411,164,178	609,078,061	538,478,091	399,998,787
Total assets	1,538,955,572	1,229,358,980	921,976,644	1,421,077,508	1,191,494,858	910,102,287

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014-2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2016	2015	2014	2016	2015	2014
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	89,769,255	386,000,000	265,278,988	89,769,255	376,000,000	265,278,988
Bills of exchange	238,965,768	-	-	238,965,768	-	-
Trade and other payables	44,864,152	113,418,755	131,280,319	40,950,537	100,935,313	127,737,431
Current portion of long-term loans	9,359,102	-	-	-	-	-
Current portion of liabilities under						
finance lease agreement	1,953,631	336,310	658,961	738,412	336,310	658,961
Advance received from customers	82,667,768	54,585,897	48,583,014	74,741,324	51,599,771	48,018,834
Other current liabilities	31,540,955	34,634,224	26,273,280	24,307,207	24,273,911	17,868,978
Total current liabilities	499,120,631	588,975,186	472,074,562	469,472,503	553,145,305	459,563,192
Non-current liabilities						
Long-term loans, net of current portion	74,115,535	-	-	-	-	-
Liabilities under finance lease agreement,						
net of current portion	5,796,938	907,087	-	1,788,061	907,087	-
Provision for long-term employee benefits	13,057,625	9,883,079	13,806,257	10,031,836	8,388,637	12,269,031
Deferred tax liabilities	21,162,229	21,162,229	-	21,162,229	21,162,229	-
Other non-current liabilities	114,132,327	31,952,395	100,000	32,982,126	30,457,953	-
Total non-current liabilities	613,252,958	620,927,581	13,906,257	502,454,629	583,603,258	12,269,031
Total liabilities	89,769,255	386,000,000	485,980,819	89,769,255	376,000,000	471,832,223
Shareholders' equity						
Share capital						
Registered						
664,892,534 ordinary shares of Baht 1 each	664,892,534	664,892,534	300,000,000	664,892,534	664,892,534	300,000,000
(2014: 300,000,000 ordinary shares						
of Baht 1 each)						
Issued and fully paid up						
374,938,000 ordinary shares of Baht 1 each	374,938,000	299,938,000	299,938,000	374,938,000	299,938,000	299,938,000
(2014-2015: 299,938,000 ordinary shares						
of Baht 1 each)						
Share premium	277,160,000	127,160,000	127,160,000	277,160,000	127,160,000	127,160,000
Retained earnings (deficit)						
Appropriated - statutory reserve	35,059,852	25,387,773	25,387,773	35,059,852	25,387,773	25,387,773
Unappropriated (Deficit)	153,895,846	71,296,710	(19,040,448)	146,816,111	70,756,911	(14,215,709)
Other components of shareholders' equity	84,648,916	84,648,916	-	84,648,916	84,648,916	-
Equity attributable to owners of the Company	-	-	433,445,325	-	-	438,270,064
Non-controlling interests of the subsidiaries	-	-	2,550,500	-	-	-
Total shareholders' equity	925,702,614	608,431,399	435,995,825	918,622,879	607,891,600	438,270,064
Total liabilities and shareholders' equity	1,538,955,572	1,229,358,980	921,976,644	1,421,077,508	1,191,494,858	910,102,287

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014-2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2016	2015	2014	2016	2015	2014
Profit or loss:						
Revenues						
Sales	1,163,078,502	1,099,470,845	881,626,032	1,128,823,138	1,100,870,808	882,985,985
Service income	50,831,882	45,577,873	63,004,994	942,353	2,871,012	5,213,107
Other income						
Dividend income	800,000	800,000	24,000,000	800,000	800,000	24,000,000
Others	19,905,059	17,743,381	43,143,842	22,090,561	18,102,757	41,955,300
Total revenues	1,234,615,443	1,163,592,099	1,011,774,868	1,152,656,052	1,122,644,577	954,154,392
Expenses						
Cost of sales	917,665,829	917,440,725	788,892,909	894,504,156	918,840,688	793,398,407
Cost of services	34,990,865	41,801,331	61,611,913	119,648	752,693	4,236,479
Selling expenses	71,689,612	60,818,984	66,435,667	72,020,612	66,238,984	66,435,667
Administrative expenses	65,303,901	48,926,905	84,170,099	48,607,549	44,939,636	76,712,782
Total expenses	1,089,650,207	1,068,987,945	1,001,110,588	1,015,251,965	1,030,772,001	940,783,335
Profit before finance cost and income tax (expenses) income	144,965,236	94,604,154	10,664,280	137,404,087	91,872,576	13,371,057
Finance cost	(16,155,403)	(15,712,479)	(16,134,909)	(15,289,338)	(15,638,462)	(15,999,639)
Profit (loss) before income tax expenses	128,809,833	78,891,675	(5,470,629)	122,114,749	76,234,114	(2,628,582)
Income tax (expenses) income	4,945,455	4,423,966	(799,841)	4,859,710	4,448,722	(826,274)
Profit (loss) for the year	133,755,288	83,315,641	(6,270,470)	126,974,459	80,682,836	(3,454,856)
Other comprehensive income:						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Actuarial gain (loss) - net of income tax	(240,893)	4,471,017	-	-	4,289,784	-
Changes in revaluation of assets - net of income tax	-	84,648,916	-	-	84,648,916	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(240,893)	89,119,933	-	-	88,938,700	-
Other comprehensive income for the year	(240,893)	89,119,933	-	-	88,938,700	-
Total comprehensive income for the year	133,514,395	172,435,574	(6,270,470)	126,974,459	169,621,536	(3,454,856)
Earnings per share						
Basic earnings per share						
Profit attributable to equity holders of the Company	0.37	0.28	(0.02)	0.35	0.27	(0.01)
Weighted average number of ordinary shares (shares)	360,675,705	299,938,000	299,938,000	360,675,705	299,938,000	299,938,000

Wiik & Hoeglund Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2014-2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2016	2015	2014	2016	2015	2014
Cash flows from operating activities						
Profit (loss) before tax	128,809,833	78,891,675	(5,470,629)	122,114,749	76,234,114	(2,628,582)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	30,063,249	22,748,294	27,540,448	23,464,265	21,073,675	25,759,441
Doubtful accounts (reversal)	211,932	(697,571)	20,218,404	229,830	(697,571)	20,292,440
Bad debt	-	-	375,798	-	-	375,798
Reduction of inventories to net realisable value (reversal)	(4,698,235)	11,772,311	11,113,852	(4,698,235)	11,772,311	11,113,852
Write-off inventories	3,387,424	-	-	3,387,424	-	-
Loss (gain) on disposal and write-off of property, plant and equipment	1,046,472	(3,660)	7,242	1,227,335	(176,801)	7,242
Loss on impairment of property, plant and equipment	2,201,441	1,716,953	-	2,224,359	1,694,034	-
Write-off withholding tax deducted at source	-	65,317	1,248,790	-	58,454	-
Long-term employee benefits expenses	2,873,430	1,770,425	1,973,131	1,643,199	1,586,668	1,804,005
Unrealised gain on exchange	(1,161,400)	(3,853,514)	(336,524)	(1,112,735)	(3,908,545)	(309,657)
Allowance for impairment loss of investment in subsidiary	-	-	-	-	650,237	-
Gain on the deregistration of subsidiary	-	-	-	-	(98,589)	-
Dividend income	(800,000)	(800,000)	(24,000,000)	(800,000)	(800,000)	(24,000,000)
Interest income	(736,300)	(350,779)	(410,532)	(3,597,014)	(331,889)	(408,098)
Interest expenses	16,155,403	15,712,479	16,134,909	15,289,338	15,638,462	15,999,639
Profit from operating activities before changes in operating assets and liabilities	177,353,249	126,971,930	48,394,889	159,372,515	122,694,560	48,006,080
Operating assets (increase) decrease	41,551,930	(139,252,536)		57,172,147		
Trade and other receivables			(24,790,418)		(110,225,327)	(23,837,335)
Inventories	(46,197,600)	(22,803,689)	(42,540,556)	(46,330,371)	(22,893,059)	(43,912,698)
Advance payment to subcontractors	(635,977)	5,159	88,650	-	-	-
Other current assets	(9,355,354)	(799,886)	9,070,820	1,932,452	(1,004,558)	8,018,522
Other non-current assets	1,760,086	(3,809,661)	(13,751,629)	2,770,151	(2,662,075)	(13,800,729)
Operating liabilities increase (decrease)						
Trade and other payables	(68,440,619)	(17,929,428)	14,677,819	(59,897,374)	(26,816,534)	17,321,669
Advance received from customers	28,081,871	6,002,883	(5,207,489)	23,141,553	3,580,937	(2,577,541)
Other current liabilities	(1,419,151)	8,860,131	10,439,920	1,676,413	6,944,582	8,987,814
Provision for long-term employee benefits	-	(104,832)	-	-	(104,832)	-
Other non-current liabilities	-	(100,000)	(248,000)	-	-	-
Cash from (used in) operating activities	122,698,435	(42,959,929)	(3,865,994)	139,837,486	(30,486,306)	(1,794,218)
Cash received from refund withholding tax deducted at source	-	-	3,529,047	-	-	-
Cash paid for interest expenses	(17,442,675)	(16,211,665)	(16,230,998)	(16,545,607)	(16,178,111)	(16,095,729)
Cash paid for corporate income tax	(1,356,444)	(1,281,707)	(3,025,261)	(37,463)	(4,584)	(9,144)
Net cash from (used in) operating activities	103,899,316	(60,453,301)	(19,593,206)	123,254,416	(46,669,001)	(17,899,091)

Wiik & Hoeglund Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2014-2016

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2016	2015	2014	2016	2015	2014
Cash flows from investing activities						
Cash payment for acquisition of subsidiary	-	-	-	(31,747,200)	(20,650,237)	-
Cash payment for short-term loans to related party	-	-	-	(189,800,000)	-	-
Cash receipt from repayment of short-term loans to related party	-	-	-	87,000,000	-	-
Cash receipt from the deregistration of subsidiary	-	-	-	-	98,589	-
Dividend received from other long-term investment	800,000	800,000	24,000,000	800,000	800,000	24,000,000
Acquisition of property, plant and equipment	(100,592,666)	(25,189,856)	(8,584,958)	(58,188,740)	(24,235,328)	(7,468,594)
Proceeds from sales of property, plant and equipment	763,169	781,448	-	575,375	781,448	-
Acquisition of intangible assets	(110,014,000)	(3,894,880)	(190,000)	(14,000)	(3,894,880)	(190,000)
Cash payment in advance for machinery	(46,752,851)	-	-	(4,315,351)	-	-
Interest income	732,366	404,492	433,998	3,593,541	346,281	431,565
Net cash used in investing activities	(255,063,982)	(27,098,796)	15,659,040	(192,096,375)	(46,754,127)	16,772,971
Cash flows from financing activities						
Increase (decrease) in short-term loans from financial institutions	(296,230,745)	120,735,567	(44,735,567)	(286,230,745)	110,735,567	(44,735,567)
Cash receipt from issuance of bills of exchange	608,965,768	-	-	608,965,768	-	-
Repayment of bills of exchange	(370,000,000)	-	-	(370,000,000)	-	-
Cash receipt from increase in share capital	225,000,000	-	-	225,000,000	-	-
Cash receipt from long-term loans	83,474,637	-	-	-	-	-
Payment of liabilities under finance lease agreements	(1,010,006)	(1,287,522)	(308,612)	(453,376)	(1,287,522)	(308,612)
Dividend paid	(41,198,402)	-	-	(41,198,402)	-	-
Net cash from financing activities	209,001,252	119,448,045	(45,044,179)	136,083,245	109,448,045	(45,044,179)
Net increase in cash and cash equivalents	57,836,586	31,895,948	(48,978,345)	67,241,286	16,024,917	(46,170,299)
Unrealised gain on exchange for cash and cash equivalents	947,870	4,064,731	(22,434)	925,786	4,066,314	(22,434)
Cash and cash equivalents at beginning of year	71,302,684	35,342,005	84,342,784	54,826,481	34,735,250	80,927,983
Cash and cash equivalents at end of year	130,087,140	71,302,684	35,342,005	122,993,553	54,826,481	34,735,250
Supplemental disclosure of cashflow information						
Non-cash transactions						
Surplus on revaluation of land	-	105,811,145	-	-	105,811,145	-
Acquisition of motor vehicle under finance lease agreement	7,517,178	1,871,958	-	1,736,452	1,871,958	-
Transfer advance payment to subcontractors to other current assets	28,243,619	-	-	28,243,619	-	-

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014-2016

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Issued and paid-up share capital Share premium Retained earnings (deficit)				Other components of equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
					Difference resulting from change in attributable interest in the subsidiary	Surplus on revaluation of assets	Total other components of equity			
			Appropriated	Unappropriated (Deficit)						
Balance as at 1 January 2014	299,938,000	127,160,000	25,387,773	(12,769,978)	-	-	-	439,715,795	2,550,500	442,266,295
Total comprehensive income for the year	-	-	-	(6,270,470)	-	-	-	(6,270,470)	-	(6,270,470)
Balance as at 31 December 2014	299,938,000	127,160,000	25,387,773	(19,040,448)	-	-	-	433,445,325	2,550,500	435,995,825
Balance as at 1 January 2015	299,938,000	127,160,000	25,387,773	(19,040,448)	-	-	-	433,445,325	2,550,500	435,995,825
Profit for the year	-	-	-	83,315,641	-	-	-	83,315,641	-	83,315,641
Other comprehensive income for the year	-	-	-	4,471,017	-	84,648,916	84,648,916	89,119,933	-	89,119,933
Total comprehensive income for the year	-	-	-	87,786,658	-	84,648,916	84,648,916	172,435,574	-	172,435,574
Difference resulting from change in attributable interest in the subsidiary	-	-	-	-	2,550,500	-	2,550,500	2,550,500	(2,550,500)	-
Equity attributable interest in the deregistration of subsidiary	-	-	-	2,550,500	(2,550,500)	-	(2,550,500)	-	-	-
Balance as at 31 December 2015	299,938,000	127,160,000	25,387,773	71,296,710	-	84,648,916	84,648,916	608,431,399	-	608,431,399

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company									
	Other components of equity						Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity	
	Issued and paid-up share capital		Retained earnings (deficit)		Difference resulting from change in attributable interest in the subsidiary	Surplus on revaluation of assets				Total other components of equity
Share premium	Appropriated	Unappropriated (Deficit)								
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	71,296,710	-	84,648,916	84,648,916	608,431,399	-	608,431,399
Profit for the year	-	-	-	133,755,288	-	-	-	133,755,288	-	133,755,288
Other comprehensive income for the year	-	-	-	(240,893)	-	-	-	(240,893)	-	(240,893)
Total comprehensive income for the year	-	-	-	133,514,395	-	-	-	133,514,395	-	133,514,395
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	-	-	225,000,000	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-	-	-	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	153,895,846	-	84,648,916	84,648,916	925,702,614	-	925,702,614

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014-2016

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Other components of equity	
			Appropriated	Unappropriated (Deficit)	Other comprehensive income	
					Surplus on revaluation of assets	
Balance as at 1 January 2014	299,938,000	127,160,000	25,387,773	(10,760,853)	-	441,724,920
Total comprehensive income for the year	-	-	-	(3,454,856)	-	(3,454,856)
Balance as at 31 December 2014	299,938,000	127,160,000	25,387,773	(14,215,709)	-	438,270,064
Balance as at 1 January 2015	299,938,000	127,160,000	25,387,773	(14,215,709)	-	438,270,064
Profit for the year	-	-	-	80,682,836	-	80,682,836
Other comprehensive income for the year	-	-	-	4,289,784	84,648,916	88,938,700
Total comprehensive income for the year	-	-	-	84,972,620	84,648,916	169,621,536
Balance as at 31 December 2015	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Profit for the year	-	-	-	126,974,459	-	126,974,459
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	126,974,459	-	126,974,459
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	146,816,111	84,648,916	918,622,879

13.2 Financial Ratios

Key Financial Ratios as at 31 December 2014-2016

Financial Ratios		2016	2015	2014
LIQUIDITY RATIO				
Current ratio	-	1.55	1.19	1.08
Quick ratio	-	0.92	0.75	0.56
Cash flow ratio	-	0.19	(0.11)	(0.04)
Accounts receivable turnover ratio	(round)	3.48	3.82	4.33
Average collection period	(days)	104.90	95.57	84.32
Inventory Turnover ratio	(round)	3.71	4.21	4.01
Average sale period	(days)	98.34	86.72	91.03
Payable turnover ratio	(round)	12.04	7.84	6.85
Repayment period	(days)	30.32	46.56	53.27
Cash Cycle	(days)	172.92	135.73	122.08
PROFITABILITY RATIO				
Gross profit margin	(%)	21.52	16.23	9.96
Operating profit margin	(%)	11.94	8.60	1.21
Other income ratio	(%)	1.68	1.59	6.64
Cash to profitability	(%)	71.67	(63.90)	(183.73)
Net profit margin	(%)	10.83	7.16	(0.62)
Return on equity	(%)	17.44	15.95	(1.43)
EFFICIENCY RATIO				
Return on assets	(%)	9.66	7.75	(0.67)
Return on fixed assets	(%)	33.00	26.72	6.04
Assets turnover	(round)	0.89	1.08	1.08
FINANCIAL POLICY RATIO				
Debt to Equity ratio	-	0.66	1.02	1.11
Interest coverage ratio	-	7.03	3.73	1.42
Debt service coverage ratio	-	0.28	1.25	(3.50)
Dividend payout ratio	(%)	51.06	-	-

14. Management Discussion and Analysis

14.1 Overview

1) Summary of operations and the factors that result in significant changes

Significant changes during the year

Wiik & Hoeglund Public Company Limited (WIik)

Principally engaged in the manufacture and distribution of High Density Polyethylene (HDPE) pipe and related certain fittings, Low Density Polyethylene (LDPE) pipe, Polypropylene (PP) pipe, Polybutylene (PB) pipe, Weholite Spiro pipe.

- ❖ During March 2016, the Company received payment for the 75,000,000 additional ordinary shares with the par value of Baht 1 per share and sold at a price of Baht 3 per share to two investors through private placements. The total amount was Baht 225,000,000. The Company registered the increase in its paid-in capital with the Ministry of Commerce on 15 March 2016.
- ❖ On 16 May 2016, the Board of Directors meeting passed a resolution approving the issue of bills of exchange, with the credit limit at any one time not exceeding Baht 600 million to be offered to investors under general sale offering or by private placements to financial institutions or major investors. As of December 31, 2016, Bills of Exchange amounted to Baht 241 million at interest rate of 4% per year and the mature date is in March 2017.

Wiik Water Company Limited (WW)

Principally engaged in technical advising and planning for pipe installation system, and providing High Density Polyethelene (HDPE) pipe installation service and water management.

- ❖ Increased the issued and paid-up shares from 18.52 million Baht to 50 million Baht for WW's liquidity.
- ❖ On 17 May 2016, Signed an contract of granting the right to operate the water supply system and sell potable water to Siam Eastern Industrial Park for a period of 20 years. The operation started at 1st June 2016.
- ❖ On 21 October 2016, Signed an agreement to design, construct and operate a potable water production system for Wellgrow Industrial Estate for a period of 20 years. Currently, it's under construction and installation of the system.

Operating results in the past 3 years

	Year 2014 (Revised)	Year 2015	Changed (%)	Year 2016	Change (%)
1. Production volume (Ton)	11,849.24	15,624.00	31.86	17,299.89	10.73
2. Jobs has not delivered (Million Baht)					
• PE pipes and fittings business group	243.08	601.38	59.57	802.60	33.46
• Water management business group (only the revenue recognized in the year)	-	-	-	87.25	N/A
3. Total revenues (million Baht)	1,011.77	1,163.59	15.01	1,234.62	6.10
3.1 Sale and service revenues					
1) Sale volume (Ton)	11,224.69	14,962.32	33.30	15,494.84	3.56
2) Separate:-					
• Domestic	653.60	908.94	39.07	1,039.43	14.36
• Export	291.03	236.11	(18.87)	174.48	(26.10)
3.2 Other income	67.14	18.54	(72.39)	20.71	11.70
4. Net profit (loss) (million Baht)	(6.27)	83.32	<100	133.76	60.54

The Company's operating results in the past 3 years had the continuous growth. In the year 2016, the Company's production capacity had been utilized by 17,300 ton, increasing from the year 2014 which was 11,849 ton and the year 2015 which was 15,624 ton. During the year 2016, the Company extended the average capacity from 22,800 ton per year to 27,380 ton per year. It reduced the chance of order losing and hence increased the Company's revenue.

Analysis of the operating results and the financial position of WIILK

Summarized of the Statement of financial position

Unit : million Baht	Year 2014	Year 2015	Changed (%)	Year 2016	Changed (%)
Cash and cash equivalents	35.34	71.30	101.75	130.09	82.45
Trade and other receivables	229.91	369.71	60.80	328.04	(11.27)
Inventories	212.46	223.49	5.19	271.00	21.26
Property, plant and equipment	342.74	451.23	31.65	529.48	17.34
Total assets	921.98	1,229.36	33.34	1,538.95	25.18
Total current liabilities	472.07	588.98	24.76	499.12	(15.26)
Non-current liabilities	13.91	31.95	129.77	114.13	257.19
Total liabilities	485.98	620.93	27.77	613.25	(1.24)
Shareholders' equity	436.00	608.43	39.55	925.70	52.15

As of December 31, 2016, the Company's cash and cash equivalents increased from the previous year by 82.45% resulting from the capital increase and payment collection. Inventories increased from last year by 21.26% as the company increased stock at the year end for delivery in year 2017. Trade receivable decreased by 11.27% resulting from payment collection of outstanding accounts at the end of 2015. Property, plant and equipment increased by 17.34% caused by investing in machinery to expand the production capacity and increasing production efficiency.

Current liabilities decreased by 15.25% as the company paid cash to raw material suppliers with good cash discount rates. Non-current liabilities increased by 257.21% caused by the long term loan from a financial institution for investing in water management business.

The shareholders' equity increased in the amount of 317 million Baht resulting from the increase of capital by Baht 75 million, increase of share premium by Baht 150 million, increase from profit for the year 2016 Baht 133 million and decrease from dividend paid in the amount of Baht 41 million.

Summarized of the Statement of income

Unit : million Baht	Year 2014 (Revised)	Year 2015	Changed (%)	Year 2016	Changed (%)
Sales	881.63	1,099.47	24.71	1,163.08	5.79
Service income	63.00	45.58	(27.66)	50.83	11.52
Other income	67.14	18.54	(72.38)	20.71	11.68
Total revenues	1,011.77	1,163.59	15.01	1,234.62	6.10
Cost of sales and services	850.50	959.24	12.79	952.66	(0.69)
Selling and administrative expenses	150.61	109.74	(27.14)	136.99	24.84
Finance cost	16.13	15.71	(2.62)	16.16	2.85
Income tax (expenses) income	(0.80)	4.42	(653.11)	4.95	11.89
Profit (loss) for the year	(6.27)	83.32	<100	133.76	60.54

In the year 2016, the Company's profit increased from the year 2015 by 60.54%. This was because sales and service income increased from the year 2015 by 6.01% and the company improved the efficiency of cost management. Hence the gross margin in the year 2016 was 21.52% while the year 2015 was 16.23%.

Summarized of the significant financial ratios

	Year 2014	Year 2015	Changed (%)	Year 2016	Changed (%)
Debt to equity ratio (time)	1.11	1.02	(8.11)	0.66	(35.05)
Earning per share (Baht)	(0.02)	0.28	<100	0.37	32.45
Receivable management					
● Receivable Turnover (round)	4.33	3.82	(11.78)	3.48	(8.91)
● Day of account receivable (Day)	84.32	95.57	13.34	104.90	9.76
Inventory management					
● Inventory turnover (round)	4.01	4.21	4.99	3.71	(11.84)
● Day of inventory (Day)	91.03	86.72	(4.73)	98.34	13.40
Cash management					
● Cash conversion cycle (Day)	122.08	135.73	11.18	172.92	27.40

In year 2016, the Company's debt to equity ratio was 0.66 : 1. It decreased from the previous year due to increase of capital. Moreover the Company was able to increase earning per share by 32.45% compared to year 2015.

In year 2016, the Company cash cycle (Company cash cycle was calculated from the number of days starting from payment of raw material till cash collection from customers) was quite long compared to the previous year. The major reasons were; the company applied cash payment for raw material to manage raw material costs (the former term was 60 days credit term), and the company provided better credit terms customers credit to compete with the competitors. However the Company had implemented the credit risk insurance to reduce credit risk in case the Company could not collect the money from the customers.

2) Industry and economic conditions that affect the operations.

HDPE resin is the main ingredient in HDPE pipe production. Thus the movement of resin prices has a substantial effect on the cost. HDPE resin prices have been fluctuated in accordance with crude oil prices for long time. It is hard to predict and make decision for any manufacturer when to buy HDPE resin for stock. Therefore the Company manages the order of HDPE resin to comply with the pipe purchase order and delivery timing to customers.

Currently oil price situation in global market impact on economy and industry of Thailand. Plastics industry is one that affected from Oil prices directly because Plastics industry is directly linked to petroleum industry and petrochemical industry which is source of raw material for the production of plastic resins. Therefore, the production cost of plastic resin industry was directly changed by the price of petroleum in global market.

The information from Thai Plastic Industries Association stated that in 2016, domestic trading prices of HDPE plastic resin were in the price range of Baht 46-50 per kilogram which decreased when compared to the year 2015 which the trading in the price range of 47-52 per kilogram. HDPE resin price decreased mentioned above, that is good for the Company. It makes cost of goods sold of the Company decreased. Gross profit margin in 2016 increased to 21.52% of sales which was increased from the year 2015 with gross profit margin 16.23%.

Enhancing the quality and standard of Public Utilities; especially the metropolitan waterworks, is important and directly affects the quality of life of people in the country. Thailand has developed the waterworks systems steadily; especially the enhancement of water pipe quality by changing the iron-cast steel pipe to HDPE pipe which is widely used in developed countries. Countries in Europe, for instance, has been using HDPE pipe in their waterworks for more than 50 years. Corrosion problem in iron-steel pipe is solved and cleaned & safe water are transported throughout the plumbing system. HDPE pipe is worth the investment since it is easy to install, saves pipeline installation time and has long service life.

Thailand has faced the several obstacles in using HDPE pipe; especially the quality of HDPE Pipe. Some of contractors tend to use low quality of HDPE pipe in order to minimize the cost. The low price is the main reason for them to use HDPE pipe made from recycle material. As a result, many of the problems occur such as;

- Leaks or broken problem affect the inconvenience and unsafe in use of consumers.
- The agency that responsible for production and expand the water supply network have to waste budget to repair the damaged pipes and unrewarding for investment from the lifetime that is not durable long-standing
- Many HDPE quality standards pipe manufacturer affected from the price competition unfairly.

Wiik & Hoeglund Public Co., Ltd. is emphasizing on its quality of HDPE pipe and provides the clients the confidence in using its products. This idea also increases the quality of life of people in Thailand.

There is growth from the growth of public utility in ASEAN countries; such as Vietnam, Myanmar, Laos, Indonesia, Philippines, and India.

3) **Change in key accounting policy**

-None-

4) **Non-recurring items**

-None-

5) **Research and development activities of the Company**

The Company focuses on the research and development of new products to meet customer demand in parallel with the manufacturing process development. In 2016 the process improvement activities in various fields under the name “World Class Operation (WCO)” can reduce expenses and production cost by more than Baht 5 million. Currently the research and development of the Company prepared by Research and development department (R&D) under the cooperation with personnel from various departments in the Company such as Engineering and maintenance department, Quality control department, and Production department. The joint research and development seriously makes the Company can produce the new reduced tee fitting product which can take higher pressure with lower cost and the commercial production was achieved in 2016. The Company continues to develop in order to increase the variety of products coupled with the development of quality to meet customer needs.



The Company believes that the ability to research and development as well as improvements in manufacturing processes continuously, can creates a competitive advantage for the Company which is the key elements of success and sustainable growth of the Company.

In 2016, the Company's expenditures for research and development totaling Baht 1.59 million. Moreover, the Company has a policy to support the Company's personnel in training to increase skills

and knowledge in research and development as well as technology in the production for the Company can design and develop products, including machinery or equipment systematically.

14.2 Operating results and profitability

In 2016, the Company and its subsidiaries had net profit of Baht 133.76 million increased from the previous year which had the net profit amount of Baht 83.32 million representing the operating results increased of 60.54 percent with the major reasons as follows;

Revenue

(Baht)	2016	Changed (%)	2015	Changed (%)	2014
Sales	1,163,078,502	5.79	1,099,470,845	24.71	881,626,032
Service income	50,831,882	11.53	45,577,873	(27.66)	63,004,994
Sales and service revenues	1,213,910,384	6.01	1,145,048,718	21.22	944,631,026
Other income	20,705,059	11.66	18,543,381	(72.38)	67,143,842
Dividend income	800,000	-	800,000	(96.67)	24,000,000
Others	19,905,059	12.18	17,743,381	(58.87)	43,143,842
Total revenues	1,234,615,443	6.10	1,163,592,099	15.01	1,011,774,868

1) Sales and service revenues

Sales and service revenues in the year 2016 is Baht 1,213.91 million increased from the previous year by Baht 68.86 million or 6.01% divided into Domestic sales of Baht 1,039.43 million and Export sales of Baht 174.48 million, representing 85.63% and 14.37% of sales and service revenues respectively.

As the result of the managing of production plan to comply with the sale orders better than last year including backlog at year-end 2016 amount of Baht 601.38 million increased from year-end 2014 which is Baht 243.08 million and the expansion of production capacity in 2016 from average of 22,800 tons per year to 27,380 tons per year. Consequently, the Company can reduce the loss of orders due to short of production capacity in some month which it made sales and service revenues increased. The Company also began recognizing revenue from Water sales of a subsidiary from June 2016 amount of Baht 33.99 million or 2.80% of revenues from sales and services.

2) Other income

In 2016, the Company had other income of Baht 20.71 million increased from the previous year by Baht 2.16 million or 11.66% with most of shipping cost charged to customers in case that Customer wants the Company to transport goods to the destination.

Expenses

(Baht)	2016	% income	2015	% income	2014	% income
Cost of sales	917,665,829	78.90	917,440,725	83.44	788,892,909	89.48
Cost of services	34,990,865	68.84	41,801,331	91.71	61,611,913	97.79
Cost of sales and services	952,656,694	78.48	959,242,056	83.77	850,504,822	90.04
Selling expenses	71,689,612	5.91	60,818,984	5.31	66,435,667	7.03
Administrative expenses	65,303,901	5.29	48,926,905	4.20	84,170,099	8.32
Total expenses	1,089,650,207	88.28	1,068,987,945	91.87	1,001,110,588	98.95

3) Cost of goods sold and services

In 2016 the Company has cost of goods sold and services of Baht 952.66 million representing 78.48 % of revenue from sales and services which was decreased from the year 2015 that had 83.77% as result of cost management of raw materials by during the year the Company purchased raw materials with cash payment (cash purchase price cheaper than credit 60 days price) including production volume management suitably to reduce the cost of production per unit.

4) Selling expenses

Selling expenses for the year 2016 increased in amount of Baht 10.87 million or 17.87% with the major reason as follows;

- Delivery expenses increased in amount of Baht 5.18 million from sales volume increased.
- Commission and promotion expenses increased in amount of Baht 6.54 million which aligned to increasing in sales revenue.

5) Administrative expenses

Administrative expenses for the year 2016 increased in amount of Baht 16.38 million or 33.47% as a result mostly from.

- Costs related to employees increased of Baht 7.78 million from the increase in number of employees to support water management business and growth of the Company.
- Foreign exchange gain decreased by Baht 3.57 million, in 2015 the Company had gain on foreign exchange and forward contracts in amount of Baht 4.45 million while the year 2016 had foreign exchange gain of Baht 1.07 million.
- In year 2016, there was allowance for impairment of unused equipment amount of Baht 3.91 million.
- Other increased by Baht 1.12 million according to the Company's growth.

Finance cost and Income tax (expenses) income

(Baht)	2016	Changed (%)	2015	Changed (%)	2014
Finance cost	16,155,403	2.82	15,712,479	(2.62)	16,134,909
Income tax (expenses) income	4,945,455	11.79	4,423,966	(>100)	(799,841)

6) Finance cost

Finance cost in year 2016 increased from last year in amount of Baht 0.44 million or 2.82% as a result of the use of average loans for the year 2016 of Baht 359.41 million and in the year 2015 the use of average loans is Baht 293.24 million increased of Baht 66.17 million or 22.57% because of business expansion in water management and the use of loans to purchase raw materials with the cash term. However, the cost of loan management of the Company can reduce interest cost to some degree. Year 2015 loan interest rate in the range of 5.14 to 5.47% per year and the year 2016 in the range of 3.5 – 4.85% per year.

7) Tax income

Tax income in year 2016 increased from last year amount of Baht 0.52 million which was deferred income tax according to Thai Accounting Standard No.12.

PROFITABILITY RATIO		2016	2015	2014
Gross profit margin	(%)	21.52	16.23	9.96
Operating profit margin	(%)	11.94	8.60	1.21
Other income ratio	(%)	1.68	1.59	6.64
Cash to profitability	(%)	71.67	N/A	N/A
Net profit margin	(%)	10.83	7.16	N/A
Return on equity	(%)	17.44	15.95	N/A

Gross profit margin is 21.52% which increased from the year 2015 that gross profit margin is 16.23% as result of cost management of raw materials by during the year the Company purchased raw materials with cash payment (cash purchase price cheaper than credit 60 days price) including production volume management suitably to reduce the cost of production per unit.

Operating profit margin is 11.94% which increase from the year 2015 that operating profit margin is 8.60% as result of total revenues increased 6.10% from last year and selling and administrative costs management more efficiently than the last year, resulting in a cost to income ratio decreased by 5.29%

Cash to profitability is 71.67% by in 2016, the Company had net cash flow from operating activities of Baht 103.90 million while year 2015 net cash flow from operating activities of Baht (60.45)

million. The result of the receiving payment from debtor that are sold in late 2015 and paid in early 2016 together with the operating results increase in profit of 60.54% from last year.

because the Company currently has the operating results better than last year including the accounts receivable management is better so the Company had net cash from operating activities increased from the previous year.

Net profit margin is 10.83% which increased from the year 2015 that net profit margin is 7.16% and return on equity is 17.44% which increase from the year 2015 that return on equity is 15.95% as result of the Company's profits in 2016 increased from the last year.

14.3 Ability to manage assets

1) Receivables Management

In 2016 the Company had trade and other receivables – net of Baht 328.04 million decreased Baht (41.66) million or (11.27)% divided into trade receivables of Baht 309.97 million and other receivables of Baht 18.07 million. And past due over 12 months of Baht 27.12 million increased Baht 0.21 million which has allowance for doubtful accounts fully.

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition. Details as follows.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	-	116
Past due				
Up to 3 months	-	-	-	59
Total trade receivables - related party	-	-	-	175
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	206,185	320,867	198,232	299,119
Past due				
Up to 3 months	81,232	39,778	76,108	39,505
3 - 6 months	7,709	1,754	7,655	1,754

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Over 6 - 12 months	12,856	1,791	3,032	1,791
Over 12 months	27,123	26,911	27,078	26,848
Total	335,105	391,101	312,105	369,017
Less: Allowance for doubtful debts	(27,123)	(26,911)	(27,078)	(26,848)
Total trade receivables - unrelated parties - net	307,982	364,190	285,027	342,169
Retention receivables as per contract	1,991	1,274	-	-
Total	309,973	365,464	285,027	342,169
Total trade receivables - net	309,973	365,464	285,027	342,344
<u>Other receivables</u>				
Other receivables - related party (Note 6)	-	-	15	-
Other receivables - unrelated party	-	9	-	-
Unbilled work performed	18,069	4,233	-	-
Total other receivables	18,069	4,242	15	-
Total trade and other receivables - net	328,042	369,706	285,042	342,344

Part of the above overdue receivables aged over 90 days are secured by assignment to get payment from the customer, bank guarantees or guaranteed by the customer's directors and the Company is able to collect interest on overdue balances of certain delinquent receivables. Accordingly, the management believes that the allowance is adequate to cover the possible losses that may arise from the uncollectibility of the existing receivables.

Credit risk management

The Company and its subsidiary are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to its subsidiary. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiary also have a policy to obtain bank guarantees from its customers to secure the partial amounts of receivable balances and have exercised the letters of guarantee to reduce the overdue receivable balances and has implemented the credit risk insurance since July 2014 to reduce more credit risk. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans to its subsidiary as stated in the statement of financial position.

2) Key component of other assets

In 2016 the Company had the key component of other assets (xcluding trade and other receivables - net) as consolidated financial statements ended December 31, 2016 as follows.

(Baht)	2016	Changed (%)	2015	Changed (%)	2014
Current assets					
Cash and cash equivalents	130,087,140	82.44	71,302,684	101.75	35,342,005
Inventories	270,995,945	21.26	223,487,534	5.19	212,456,156
Advance payment to subcontractors	705,977	(97.51)	28,313,619	(0.02)	28,318,778
Other current assets	44,951,711	572.36	6,685,653	39.82	4,781,766
Non-current assets					
Restricted bank deposits	16,000,000	-	16,000,000	-	16,000,000
Other long-term investment	21,245,632	-	21,245,632	-	21,245,632
Property, plant and equipment	529,475,106	17.34	451,225,061	31.65	342,744,086
Intangible assets	109,465,114	2,886.24	3,665,647	489.50	621,820
Deferred tax assets	18,670,226	39.30	13,402,878	33.52	10,037,990
Advance payment for machinery	46,752,851	-	-	-	-
Other non-current assets	22,564,225	(7.24)	24,324,311	18.57	20,514,650

Current assets

■ Cash and cash equivalents

Cash and cash equivalents are Baht 130.09 million which increased from the last year by Baht 58.78 million as result of the capital increase and the receiving payment from accounts receivable that are sold at the end of 2015, essentially.

■ Inventories

Inventories-net are Baht 271 million which increased from the last year by Baht 47.51 million with details inventories consisted of

Thousand Baht	2016	Changed %	2015	Changed %	2014
Finished goods	186,149	53.13	121,563	0.13	121,400
Work in process	14,904	16.40	12,459	37.55	9,058
Raw materials	63,644	(24.69)	84,513	11.03	76,119
Spare parts and factory supplies	5,435	27.18	3,956	(17.46)	5,879
Total	270,132	21.41	222,491	5.26	212,456

Majority increase from finished goods that the Company produced and waiting for delivery to order of customers as well as the production costs management for low production costs per unit and appropriate. The whole production is produced by customer orders.

■ **Advance payment to subcontractors**

Advance payments to subcontractors are Baht 0.71 million which was decreased Baht (27.61) million as compared to the last year because the Company adjusted the account of advance payments to sub-contractors of Baht 28.24 million as the deferred expense. Because of the Company has re-signing a contract in construction of the water supply system in Philippines after Owner hold the project one period. Such cost will be gradually cut by the progress of work to be recognized as cost of service.

■ **Other current assets**

Other current assets are Baht 44.95 million which increased from the last year by Baht 38.27 million as result of VAT (a tax credit, as input tax over output tax) on the water supply management right and machinery of its subsidiary.

Non-current assets

■ **Restricted bank deposits**

Restricted bank deposits are Baht 16 million which unchanged from the last year as fixed deposits that pledged to secure credit facilities with bank.

■ **Other long-term investment**

Other long-term investment is Baht 21.25 million which unchanged from the last year, consisting of investment in Siam City Leasing and Factoring Public Co., Ltd. of Baht 21.25 million and K-Tech Construction Public Co., Ltd. of Baht 0.03 million.

■ **Property, plant and equipment**

Property, plant and equipment are Baht 529.48 million which increased from the last year by Baht 78.25 million as result of the purchase of plant machinery, investment on water production system of a subsidiary including car leasing.

■ **Intangible assets**

Intangible assets are Baht 109.47 million which increased from the last year by Baht 105.80 million as result of investment on water supply system management for Siam Eastern Industrial Park by the compensation for right of water supply system management by Baht 110 million.

■ Deferred tax assets

Deferred tax assets are Baht 18.67 million which increased from the last year by Baht 5.27 million as result of deferred tax assets from deficit dating back 5 years. The Company expects to be able to use the deficit by the deadline.

■ Advance payment for machinery

Advance payment for machinery is Baht 46.75 million which increased from the last year whole amount as result of investment on water production system of a subsidiary, acquire the new machine and improve the efficiency of the existing machine to increase the Company's production capacity.

■ Other non-current assets

Other non-current assets are Baht 22.56 million which decreased from the last year by Baht (1.76) million as result of value added tax credit of the Company and withholding tax will be refunded of a subsidiary.

EFFICIENCY RATIO		2016	2015	2014
Return on assets	(%)	9.66	7.75	(0.67)
Return on fixed assets	(%)	33.00	26.72	6.04
Assets turnover	(round)	0.89	1.08	1.08

Return on assets is 9.66% which increased from the year 2015 with return on assets (7.75%) as result of the Company has the operating results better than the past. Moreover, the Company's total assets increased 25.18%, cash increased 82.44%, trade receivables decreased (11.27)% and inventories increased 21.26% which corresponds to sales growth. It showed that the management of the Company's assets to generate revenue had improved over the last year.

Return on fixed assets is 33.00% which increased from the year 2015 with return on fixed assets 26.72%. Assets turnover is 0.89 rounds decreased from the last year because the Company's total assets increased.

14.4 liquidity and Suitability of Capital Structure

1) Sources and uses of funds

In 2016 the Company's capital structure acquired from Cash flows from operating activities, Cash receipt from long-term loans, Cash receipt from issuance of bills of exchange, and Cash receipt

from increase in share capital for working capital and source of funds for investments in water management of subsidiary with details of sources and uses of funds for the year 2016 as follows.

Cash flow	2016	Changed (%)	2015	Changed (%)	2014
Net cash from (used in) operating activities	103,899,316	(271.87)	(60,453,301)	208.54	(19,593,206)
Net cash from (used in) investing activities	(255,063,982)	841.24	(27,098,796)	(273.06)	15,659,040
Net cash from (used in) financing activities	209,001,252	74.97	119,448,045	(365.18)	(45,044,179)
Net increase (decrease) in cash and cash equivalents	57,836,586	81.33	31,895,948	(165.12)	(48,978,345)
Unrealised gain on exchange for cash and cash equivalents	947,870	(76.68)	4,064,731	(18,218.62)	(22,434)
Cash and cash equivalents at beginning of year	71,302,684	101.75	35,342,005	(58.10)	84,342,784
Cash and cash equivalents at end of year	130,087,140	82.44	71,302,684	101.75	35,342,005

- Net cash from operating activities are Baht 103.90 million while the year 2015 had net cash from operating activities of Baht (60.45) million. Mainly from receiving payments from accounts receivable that are sold at the end of 2015 and 2016 increased.
- Net cash used in investing activities are Baht (255.06) million while the year 2015, Net cash used in investing activities Baht (27.10) million. In 2016 spent on new machine and improve the efficiency to increase the Company's production capacity and investment on water production system of a subsidiary.
- Net cash from financing activities are Baht 209 million while year 2015 net cash from financing activities of Baht 119 million. The financing of the Company in 2016 from the capital increase of Baht 225 million, long-term loans of Baht 83.47 million for investments in water management of subsidiary. In 2016, the Company had additional short-term funding such as the issuance of bills of exchange and receive credit from financial institutions for purchase raw materials which is funding sources with cost lower than the year 2015. In summary, in 2016 the Company has used money from loan (including bills) decreased by Baht 57.26 million and dividend payment of Baht (41.20) million.

2) Investment expenditure

In 2016 the Company had investment expenditure of Baht 257.36 million from investment on machinery and equipment, including both the Company and its subsidiary of Baht 147.34 million and purchased intangible assets which was the compensation for right of water supply system management by Baht 110.01 million.

3) Suitability of Capital Structure

LIQUIDITY RATIO		2016	2015	2014
Current ratio	-	1.55	1.19	1.08

LIQUIDITY RATIO		2016	2015	2014
Quick ratio	-	0.92	0.75	0.56
Cash flow ratio	-	0.19	(0.11)	(0.04)
Accounts receivable turnover ratio	(round)	3.48	3.82	4.33
Average collection period	(days)	104.90	95.57	84.32
Inventory Turnover ratio	(round)	3.71	4.21	4.01
Average sale period	(days)	98.34	86.72	91.03
Payable turnover ratio	(round)	12.04	7.84	6.85
Repayment period	(days)	30.32	46.56	53.27
Cash Cycle	(days)	172.92	135.73	122.08

Current ratio is 1.55, higher than the last year that shows the Company's current assets include cash, accounts receivable and inventories over than short-term liabilities. It makes the flexibility for short-term liabilities repayment higher than the year 2015.

Quick ratio is 0.92, slightly higher than the last year and Cash flow ratio is 0.19 increased from the last year that is (0.11%), reflect the actual liquidity that the Company has assets that can be converted into cash including cash from operating activities insufficient to repayment for short-term liabilities of the Company.

Accounts receivable turnover ratio is 3.48 with Average collection period 104.90 days that shows the Company can billing from the sales on credit slower than the year 2015 as result of the relaxation on credit to the customers to increase the competitiveness of Company and it makes the Company's operating results improved steadily in 2016. However, the company has made credit insurance to mitigate credit risk.

Inventory Turnover ratio is 3.71 with Average sale period 98.34 days as result of the Company had sales increased so makes production inventories increased higher than the year 2015.

Payable turnover ratio is 12.04 with repayment period 30.32 days that shortened from the year 2558 with repayment period of 46.56 days because of the Company purchased raw materials during the year by the cash term to manage cost of raw materials (formerly credit terms of 60 days).

The year 2016 the Company's cash cycle period (calculated by number of days from the date of payment of raw material until received payment from customers) is relatively long as compared to the previous year because of the Company purchased raw materials during the year by the cash term to manage cost of raw materials (formerly credit terms of 60 days) and the relaxation on credit to the customers to increase the competitiveness of Company by the Company has made credit insurance to mitigate credit risk.

4) Ability to repayment

The Company and its subsidiary had total liabilities of Baht 613.25 million, increased from the last year which had liabilities of Baht 620.93 million or increased Baht (7.67) million or (1.24)% consist of short-term loans from financial institutions of Baht 89.77 million, Bills of exchange of Baht 238.97 million, Advance received from customers of Baht 82.67 million and long-term loans of Baht 83.48 million for investments in water management of subsidiary. Moreover, in 2016 the Company had Trade payables of Baht 44.86 decreased by Baht (68.55) million of (60.44)% from management on raw material prices for competitiveness with discount from cash purchasing.

The Company's capital structure acquired from cash flows from operating activities, cash receipt from long-term loans, cash receipt from issuance of bills of exchange, and cash receipt from increase in share capital for working capital and source of funds for investments in water management of subsidiary. From the past operations, the Company can repay the debt under conditions and capable enough to repay debt. In addition, the operating results and financial position of the Company improved, makes the Company received lower rate of interest as compared to the last year.

4.1) Short-term loans from financial institutions

		(Unit: Thousand Baht)					
		Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015	2016	2015
Short-term loans							
from financial							
institutions		3.50 - 3.75	5.14 - 5.47	89,769	386,000	89,769	376,000
Total				89,769	386,000	89,769	376,000

The Company's short-term loans from financial institutions are secured by the mortgage of the Company's land and construction thereon and machinery and the pledge of its fixed deposits at banks. The subsidiary's short-term loans from financial institutions are guaranteed by the Company.

4.2) Bills of exchange

		(Unit: Thousand Baht)
		Consolidated and Separate financial statements
Balance as at 1 January 2016		-
Add: Issuance bills of exchange		611,000

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Less: Repayment bills of exchange	(370,000)
Less: Deferred interest expenses	(2,034)
Balance as at 31 December 2016	238,966

On 16 May 2016, the Board of Directors of the Company passed a resolution approving the issue of bills of exchange, with the credit limit at any one time shall not exceeding Baht 600 million (at any one time, upon the redemption of the short-term bills of exchange, the Company is able to offer to sell the bills of exchange again but the value of which shall not exceed Baht 600 million) to be offered to investors under a general sale offering or by private placement to financial institutions or major investors, in order to facilitate the working capital of the Company. The bills of exchange are unsecured, bear interest at a rate of 4 percent per annum and mature in March 2017.

4.3) Long-term loans

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
Interest rate (%)	Repayment schedule	2016	2015	2016	2015
MLR - 1.75	Monthly installments as from November 2016 - July 2024	83,475	-	-	-
Less: Current portion		(9,359)	-	-	-
Long-term loans, net of current portion		74,116	-	-	-

The loans of its subsidiary are secured by the Company and the mortgage of the Company's land including the transfer of rights of claim under the agreement granting a license for operate a water supply system that its subsidiary had received from another company. Under the loan agreement, its subsidiary is required to follow certain conditions stated in the agreement.

FINANCIAL POLICY RATIO		2016	2015	2014
Debt to Equity ratio	-	0.66	1.02	1.11
Interest coverage ratio	-	7.03	3.73	1.42
Debt service coverage ratio	-	0.28	1.25	(3.50)
Dividend payout ratio	(%)	51.06	-	-

The Company and its subsidiaries' capital management are to ensure that it has appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.66:1 (2015: 1.02:1) and the Company's was 0.55:1 (2015: 0.96:1).

Debt to Equity ratio does not vary in 2014-2015. The Company can maintain D/E ratio in the range of 1-1.5 debts per 1 equity. However, in 2016 the Company has increased its share capital so makes shareholders' equity increased and D/E ratio decreased to 0.66 : 1

Interest coverage ratio is 7.03, very high increased when compared to the last year at 3.73 that shows the Company had cash flow from operating activities over than interest expense 7.03 rounds. Therefore the Company has the ability to pay interest very high compared to the last year.

Debt service coverage ratio (cash basis) is 0.28 that shows the Company had cash flow from operating activities over than obligations such as Liabilities repayment, Assets investment expenditure including dividend payment. However, when compared to the previous year, ratio was decreased because the year 2016, the Company had investment expenditure on the purchasing of new machine and improve the efficiency of the existing machine to increase the Company's production capacity and investment on water production system of a subsidiary.

14.5 Liabilities obligations and off balance sheet liabilities management.

The Company had commitments and contingent liabilities which disclose in notes to the financial statements article 30 of the financial statements 2016 as follows.

1) Capital commitments

As at 31 December 2016, the Company and its subsidiary had capital commitments of approximately Baht 97.1 million and US dollar 0.3 million, relating to the construction of water production system and the acquisition of machinery (2015: Baht 14.9 million, Euro 0.4 million and Pound Sterling 0.2 million, relating to the acquisition of machinery) (The Company only: Baht 12.1 million and US dollar 0.3 million, relating to the acquisition of machinery (2015: Baht 14.9 million, Euro 0.4 million and Pound Sterling 0.2 million, relating to the acquisition of machinery)).

2) Raw material purchase commitments

As at 31 December 2016, the Company had raw material purchase commitments amounting to Baht 244.9 million (2015: Baht 109.6 million).

3) Operating lease and service agreement commitments

The Company and its subsidiary have entered into several lease and service agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 3 and 5 years.

Future minimum payments required under these non-cancellable operating leases and service contracts were as follows.

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	3.9	3.8	3.4	3.3
In over 1 and up to 5 years	1.5	4.7	1.3	4.1

4) Long-term service commitment

- (a) The Company entered into Licensing Agreement with Uponor Infra Ltd. for the products under WEHOLITE trademarked for a period of 5 years. The Licensing Agreement is for Licensing Fee and Royalty Fee. For the year ended 31 December 2016, the Licensing Fee and Royalty Fee was approximately Baht 3.6 million (2015: Baht 3.5 million).
- (b) On 17 May 2016, the subsidiary signed an agreement with a company (the Licensor) granting it a license to manage a water supply system, whereby the subsidiary is to manage operation of the water supply distributed to Siam Eastern Industrial Park for a period of 20 years from the first day the water supply system is operational (1 June 2016). The subsidiary has to pay to the Licensor compensation amounting to Baht 110 million and compensation for rental as stipulated in the agreement at Baht 1.2 million per annum for 20 years. The subsidiary is required to maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at its own expense. The Licensor agrees to purchase treated water that the subsidiary produces in a volume sufficient to meet the demand of its users at the price stipulated in the agreement, with minimum guaranteed sales of 12,000 cubic meters per day and the subsidiary has to purchase raw water only from the licensor at the price stipulated in the agreement. Moreover, the subsidiary is also obliged to comply with certain provisions and conditions stipulated in the agreement.
- (c) On 21 October 2016, the subsidiary signed an agreement with a company to design, construct and operate a potable water production system for Wellgrow Industrial Estate

for a period of 20 years from the first day the potable water system is operational. Under the agreement, the subsidiary is responsible for the acquisition of machinery and equipment used in the production of potable water, including installation of the potable water system, at its own expense. The subsidiary is also obliged to comply with certain conditions stipulated in the agreement.

5) Guarantees

- (a) As at 31 December 2016, the Company has guaranteed bank credit facilities of its subsidiary amounting to US dollar 1 million and Baht 188 million (2015: US dollar 1 million and Baht 71 million).
- (b) As at 31 December 2016 and 2015, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiary. The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Guarantee payment due to suppliers	35.9	37.1	35.8	35.7
Guarantee cash advance received from customer and retention	60.9	20.9	32.6	-
Guarantee contractual performance	19.7	7.6	16.6	7.1
Guarantee electricity use	4.7	4.3	4.2	4.2
	121.2	69.9	89.2	47.0

14.6 Factors that affect the operating results in future.

Economic trends in 2017

■ Economic trends growth of 3.4%

Fiscal Policy Office forecasted Thailand's economy in 2017 that Thailand's economy tends to expand 3.4% (with a range of 2.9 - 3.9). By the momentum of government expenditure that has increasing trend continuously. Especially the new transport infrastructure investment projects which is expected to start operation in the second half of the year 2017 such as Double track railway project Metropolitan rapid transit project attributed to trend in farmer income improved follow the commodity

prices in global markets. Therefore, it is expected to be a strong advocate for the private consumption recovery.

- **Crude oil price is likely to increase in the short term**

Office of Industrial Economics predicted that in 2017 crude oil price will increase because OPEC agreed to reduce production capacity of the Group on 30 November 2016 which will become effective in January 2017. The agreement of OPEC could result Crude oil price increase in the short term only. Because if oil prices higher than 55 US dollars a barrel, it will result shale oil in USA increase the production.

- **Industrial sector trends to grow**

Office of Industrial Economics predicted Thailand's industrial sector trend 2017 that the industrial production index will grow from 2016 from the gradual recovering slowly of the global economy and world trade. Government investment expenditure is likely accelerate, especially infrastructure investments of transportation and operating under the Eastern Economic Corridor Development: EEC).

- **Draft plan of the Eastern Economic Corridor Development (EEC) was approved by the commission of development policy in special economic development zone**

Government investment expenditures likely accelerate follow the progress of 20 transport infrastructure investment projects total amount Baht 1,410,763.35 million which began with a lot of progress in 2016 and expected to accelerate in 2017. While in the area of economic development at the meeting of development policy commission in special economic development zone on November 17, 2016, approved the draft plan of Eastern Economic Corridor Development (2017-2021) consisting of 173 projects total investment amount of Baht 712,645.23 million. By the year 2017 began to implement urgent 48 projects total amount of Baht 6,992.67 million with the water system plans such as (1) reservoir - increasing the capacity of the reservoir, increase water pumping / water diversion system, linking network, water pipelines construction, drainage improvement (2) Water Supply System – construction water supply system extension, water distribute optimization (3) water pipeline - pump system improvement, Construction of water pipeline, Developing water storage earthen pond, Construction of pumping system.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> WIIK has experience in pipe market more than 30 years with diversified products. WIIK has team with expertise that be accepted both in terms of production, advising on engineering and Installation. WIIK has an established reputation internationally as well as a technology collaboration with Uponor Finland. WIIK is a Licensee of Uponor's Weholite product. WIIK has a water management business team with experience and expertise. WIIK listed on the SET with good payment history for low cost funding. 	<ul style="list-style-type: none"> Cost of operation is higher than small producers that purchase low price machinery and use low quality raw material. Because WIIK has large factory so it has been affected by lack of large projects more than small factory.
Opportunities	Threats
<ul style="list-style-type: none"> Development of infrastructures as well as water management is a priority for all governments. Eastern Special Economic Zone Act (EEC) will stimulate investment in eastern at least another 5 years. Tap water production from sea water by RO system and water transmission through the sea to the islands that source of raw water is not enough, is the ideal solution for the drought. The Company has the appropriate product, knowledge, and experience in this kind of work. Government budget is not enough to solve drought problem making the private sector has opportunity to invest in water management projects both in public projects and private projects. Mass transit projects demand for a lot of water pipe, sewer pipe, and cable pipe. Government has a policy to put the power lines to underground. Thai Baht weakened will make positive impact on exports. 	<ul style="list-style-type: none"> PE pipe manufacturers in domestic have low Entry Barrier. Real estate sector may be having slowdown trouble in 2017. Often the major projects of government problems in land consolidation and face opposition from conservative groups.

15. Report of Audit Committee

The Audit Committee of Wiik & Hoeglund Public Company Limited consists of 3 independent directors such as Miss Pranee Rattakam is Chairman of Audit Committee, Mr.Theera Phetmalaigul and Mr.Tatchapong Thamputhipong are members of Audit Committee and Miss Chinanut Jariyarudeechai, Chief Financial Controller is Secretary of Audit Committee.

The Audit Committee performed its duties and responsibilities that defined in the Charter of Audit Committee and assigned by the Board of Directors which comply to the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. In the year 2016 the Audit Committee held the meeting of all 4 times by meetings with the auditor, the internal auditor and the management that summarized as follows.

1. Reviewed the quarterly financial statements and the annual financial statements 2016.

The Audit Committee reviewed quarterly financial statements and the annual financial statements 2016 of the Company and its subsidiaries including related transactions, transactions that may lead to conflicts of interest with the management and internal auditor. In consideration of quarterly and the annual financial statements, the Company invited the auditor attend meetings 2 times. The Audit Committee questioned the auditor on accuracy and completeness, updating of significant transactions which have an impact on the financial statements, adequacy and appropriateness of accounting methods and the scope of audit, information disclosure accurately and an independent of auditor to ensure that the preparation of financial statements in accordance with legal requirements and accounting standards as generally accepted accounting principles. Reliable, timeliness as well as information disclosure in financial statements sufficiently to be useful to investors and users of financial statements.

2. Reviewed the internal control and the internal audit.

The Audit Committee reviewed and revised the internal control system with the internal auditor including monitoring performance, audit results, suggestions and progress of implementation on a quarterly basis. Moreover, the Company assessed the adequacy of internal control system under the framework of international standard (The Committee of Sponsoring Organizations of the Treadway Commission: COSO) to achieve more confidence. Assessment results of Internal Control by the management, internal auditor and the Audit Committee commented that the internal control system of the Company adequate and reasonable.

3. **Reviewed the corporate governance.** The Audit Committee reviewed the performance of defined operational system. The Company's business operation morality and compliance with the Law on the Securities and Exchange, requirements of the Stock Exchange of Thailand as well as other laws related to the business operations of the Company. Especially, the connected transactions, transactions between the group companies to ensure that the Company follow the normal business practices sensibly. Reviewing the complaint and report process for corruption of the Company in order to comply with good corporate governance principles and the business philosophy of the Company as well as pushing for anti-corruption policy. The Audit Committee evaluated the performance of overall audit committee under the best practices of Audit Committee of the Stock Exchange of Thailand.
4. **Appointment of auditor for the year 2017.** The Audit Committee considered and agreed to appoint EY Office Limited as the auditor of the Company and its subsidiaries for the year 2016 and proposed to the Board of Directors for consideration and proposed to the Annual General Meeting of Shareholders 2017 for approval the appointment of auditor and determined audit fee.

The Audit Committee performed its duties and responsibilities that defined in the Charter of Audit Committee which was approved by the Board of Directors. By using knowledge, skill, careful, thoughtful and an independent sufficiently for benefit of all stakeholders equally. The Audit Committee commented that the Company's financial reporting is accurate and reliable in accordance with generally accepted accounting standards. The Company has sufficiently risk management with internal control system and internal audit appropriate and effective. The operations in accordance with good corporate governance systems comply with laws requirements and obligations related to the business operations.



(Miss Pranee Rattakam)

Chairman of the Audit Committee

February 22, 2017

16. Report of the Board of Directors' Responsibility in Financial Statement

The Company's Board of Directors is responsible for financial statements of Wiik & Hoeglund Public Company Limited and its subsidiaries, including the financial information that appears within their annual reports. The financial statements have been prepared according to generally accepted accounting standards. An appropriate accounting policy has been selected, applied and consistently adhered to under cautious consideration. In addition, an effective internal control system has been set up. Material information has been adequately disclosed in the Notes to the Financial Statements. These are implemented for benefits of shareholders and investors, with an aim to create confidence in the Company's financial statements, to take care and keep good maintenance of the Company's assets, and to prevent dishonest acts or any irregular operations of material substance.

The financial statements of the Company and its subsidiaries have been audited by Ms.Thipawan Nananuwat the Certified Public Accountant from EY Office Limited who has been certified by the Securities and Exchange Commission. The Company has provided information and various documents to the auditor to enable him to conduct the audit and express his opinion in accordance with generally accepted auditing standards. The auditor's opinion appears in the Report of the Certified Public Accountant within the Annual Report.

The Company's Board of Directors appointed the Audit Committee to be responsible for reviewing the Company's accounting policies, quality of financial reports, internal control system, internal audit system and risk management system. The opinion of the Audit Committee on this matter appears in the Audit Committee's Report within the Annual Report.

The Company's Board of Directors believes that the Company's overall internal control system is at satisfactory level. Financial statements of General Engineering Public Company Limited and its subsidiaries as at 31 December 2016 substantially portray the Company's financial position, operating performance and cash flow in an accurate and reasonable manner and comply with generally accepted accounting principles and related laws and regulations.



(Mr.Wiboon Sangwithayanon)

Director



(Miss Rewadee Whanchid)

Director

17. Independent Auditor's Report

To the Shareholders of Wiik & Hoeglund Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Wiik & Hoeglund Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated 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, and have also audited the separate financial statements of Wiik & Hoeglund Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wiik & Hoeglund Public Company Limited and its subsidiary and of Wiik & Hoeglund 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 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 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the

procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of revenue from sales

Revenue from sales of the Group forms a significant portion of the Group's total revenues and the Group has both local and overseas sales transactions, with various conditions of revenue recognition. There are therefore risks with respect to the amount and the timing of revenue recognition.

I have examined the recognition of revenue from sales of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue from sales cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- Applying a sampling method to select sales transactions to assess whether the revenue recognition was consistent with the conditions stipulated in the sales documents and in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Allowance for doubtful debts

As discussed in Note 8 to the financial statements, as at 31 December 2016, the Group recorded allowance for doubtful debts amounting to Baht 27 million. Estimating the allowance for doubtful debts requires the management to exercise considerable judgement in determining the losses expected to be incurred when debtors are unable to repay their debts and the timing of the recognition of such allowance. There is thus a risk with respect to the amount of the allowance for doubtful debts.

I assessed and tested the internal controls relevant to the calculation of allowance for doubtful debts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the Group's designed controls. I also assessed the key information, assumptions and methods used by the management in calculating the allowance for doubtful debts by random checking trade receivables aging report to its sources and performing analytical procedures on assumptions that the Group applied against internal data and historical data. In addition, I tested the calculation of the allowance for doubtful debts.

Inventories

Estimating the net realisable value of inventories, as disclosed in Note 5 and 9 to the financial statements, is an area of significant management judgement, particularly with regard to the estimation of provision for diminution in the value of slow moving or damage inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventories.

I assessed and tested the Group's internal controls relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by the management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing net proceeds from sales transactions occurring after the date of the financial statements with the cost of inventories by product line.

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 Financial Statements

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

In preparing the 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 Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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.

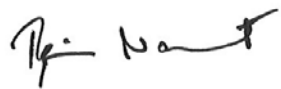
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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 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 Miss Thipawan Nananuwat



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

EY Office Limited

Bangkok: 22 February 2017

18. Financial Statements and Notes

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	130,087,140	71,302,684	122,993,553	54,826,481
Trade and other receivables	8	328,041,645	369,705,961	285,041,710	342,344,143
Inventories	9	270,995,945	223,487,534	270,131,838	222,490,656
Short-term loans to related party	6	-	-	102,800,000	-
Advance payment to subcontractors		705,977	28,313,619	-	28,243,619
Other current assets		44,951,711	6,685,653	31,032,346	5,111,868
Total current assets		774,782,418	699,495,451	811,999,447	653,016,767
Non-current assets					
Restricted bank deposits	10	16,000,000	16,000,000	16,000,000	16,000,000
Investments in subsidiary	11	-	-	51,747,200	20,000,000
Other long-term investments	12	21,245,632	21,245,632	21,245,632	21,245,632
Property, plant and equipment	13	529,475,106	451,225,061	480,149,766	446,723,824
Intangible assets	14	109,465,114	3,665,647	2,687,564	3,665,647
Deferred tax assets	24	18,670,226	13,402,878	17,946,531	13,086,820
Advance payment for machinery		46,752,851	-	4,315,351	-
Other non-current assets		22,564,225	24,324,311	14,986,017	17,756,168
Total non-current assets		764,173,154	529,863,529	609,078,061	538,478,091
Total assets		1,538,955,572	1,229,358,980	1,421,077,508	1,191,494,858

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	89,769,255	386,000,000	89,769,255	376,000,000
Bills of exchange	16	238,965,768	-	238,965,768	-
Trade and other payables	17	44,864,152	113,418,755	40,950,537	100,935,313
Current portion of long-term loans	18	9,359,102	-	-	-
Current portion of liabilities under					
finance lease agreements	19	1,953,631	336,310	738,412	336,310
Advance received from customers		82,667,768	54,585,897	74,741,324	51,599,771
Other current liabilities		31,540,955	34,634,224	24,307,207	24,273,911
Total current liabilities		499,120,631	588,975,186	469,472,503	553,145,305
Non-current liabilities					
Long-term loans, net of current portion					
Liabilities under finance lease agreements,	18	74,115,535	-	-	-
net of current portion					
Provision for long-term employee benefits	19	5,796,938	907,087	1,788,061	907,087
Deferred tax liabilities	20	13,057,625	9,883,079	10,031,836	8,388,637
Total non-current liabilities	24	21,162,229	21,162,229	21,162,229	21,162,229
Total liabilities		114,132,327	31,952,395	32,982,126	30,457,953
Non-current liabilities		613,252,958	620,927,581	502,454,629	583,603,258

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital					
Registered					
664,892,534 ordinary shares of Baht 1 each	21	664,892,534	664,892,534	664,892,534	664,892,534
Issued and fully paid up					
374,938,000 ordinary shares of Baht 1 each	21	374,938,000	299,938,000	374,938,000	299,938,000
(2015: 299,938,000 ordinary shares of Baht 1 each)					
Share premium		277,160,000	127,160,000	277,160,000	127,160,000
Retained earnings					
Appropriated - statutory reserve	22	35,059,852	25,387,773	35,059,852	25,387,773
Unappropriated		153,895,846	71,296,710	146,816,111	70,756,911
Other components of shareholders' equity		84,648,916	84,648,916	84,648,916	84,648,916
Total shareholders' equity		925,702,614	608,431,399	918,622,879	607,891,600
Total liabilities and shareholders' equity		1,538,955,572	1,229,358,980	1,421,077,508	1,191,494,858

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales	25	1,163,078,502	1,099,470,845	1,128,823,138	1,100,870,808
Service income	25	50,831,882	45,577,873	942,353	2,871,012
Other income					
Dividend income	12	800,000	800,000	800,000	800,000
Others		19,905,059	17,743,381	22,090,561	18,102,757
Total revenues		1,234,615,443	1,163,592,099	1,152,656,052	1,122,644,577
Expenses					
Cost of sales		917,665,829	917,440,725	894,504,156	918,840,688
Cost of services		34,990,865	41,801,331	119,648	752,693
Selling expenses		71,689,612	60,818,984	72,020,612	66,238,984
Administrative expenses		65,303,901	48,926,905	48,607,549	44,939,636
Total expenses		1,089,650,207	1,068,987,945	1,015,251,965	1,030,772,001
Profit before finance cost and income tax income		144,965,236	94,604,154	137,404,087	91,872,576
Finance cost		(16,155,403)	(15,712,479)	(15,289,338)	(15,638,462)
Profit before income tax income		128,809,833	78,891,675	122,114,749	76,234,114
Income tax income	24	4,945,455	4,423,966	4,859,710	4,448,722
Profit for the year		133,755,288	83,315,641	126,974,459	80,682,836
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		(240,893)	4,471,017	-	4,289,784
Changes in revaluation of assets - net of income tax		-	84,648,916	-	84,648,916
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(240,893)	89,119,933	-	88,938,700
Other comprehensive income for the year		(240,893)	89,119,933	-	88,938,700
Total comprehensive income for the year		133,514,395	172,435,574	126,974,459	169,621,536
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.37	0.28	0.35	0.27
Weighted average number of ordinary shares (shares)		360,675,705	299,938,000	360,675,705	299,938,000

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2016

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
	2016	2015
Cash flows from operating activities		
Profit before tax	128,809,833	78,891,675
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	30,063,249	22,748,294
Doubtful accounts (reversal)	211,932	(697,571)
Reduction of inventories to net realisable value (reversal)	(4,698,235)	11,772,311
Write-off inventories	3,387,424	-
Loss (gain) on disposal and write-off of property, plant and equipment	1,046,472	(3,660)
Loss on impairment of property, plant and equipment	2,201,441	1,716,953
Write-off withholding tax deducted at source	-	65,317
Long-term employee benefits expenses	2,873,430	1,770,425
Unrealised gain on exchange	(1,161,400)	(3,853,514)
Allowance for impairment loss of investment in subsidiary	-	-
Gain on the deregistration of subsidiary	-	-
Dividend income	(800,000)	(800,000)
Interest income	(736,300)	(350,779)
Interest expenses	16,155,403	15,712,479
Profit from operating activities before changes in operating assets and liabilities	177,353,249	126,971,930
Operating assets (increase) decrease		
Trade and other receivables	41,551,930	(139,252,536)
Inventories	(46,197,600)	(22,803,689)
Advance payment to subcontractors	(635,977)	5,159
Other current assets	(9,355,354)	(799,886)
Other non-current assets	1,760,086	(3,809,661)
Operating liabilities increase (decrease)		
Trade and other payables	(68,440,619)	(17,929,428)
Advance received from customers	28,081,871	6,002,883
Other current liabilities	(1,419,151)	8,860,131
Provision for long-term employee benefits	-	(104,832)
Other non-current liabilities	-	(100,000)
Cash from (used in) operating activities	122,698,435	(42,959,929)
Cash paid for interest expenses	(17,442,675)	(16,211,665)
Cash paid for corporate income tax	(1,356,444)	(1,281,707)
Net cash from (used in) operating activities	103,899,316	(60,453,301)

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Cash payment for acquisition of subsidiary	-	-	(31,747,200)	(20,650,237)
Cash payment for short-term loans to related party	-	-	(189,800,000)	-
Cash receipt from repayment of short-term loans to related party	-	-	87,000,000	-
Cash receipt from the deregistration of subsidiary	-	-	-	98,589
Dividend received from other long-term investment	800,000	800,000	800,000	800,000
Acquisition of property, plant and equipment	(100,592,666)	(25,189,856)	(58,188,740)	(24,235,328)
Proceeds from sales of property, plant and equipment	763,169	781,448	575,375	781,448
Acquisition of intangible assets	(110,014,000)	(3,894,880)	(14,000)	(3,894,880)
Cash payment in advance for machinery	(46,752,851)	-	(4,315,351)	-
Interest income	732,366	404,492	3,593,541	346,281
Net cash used in investing activities	(255,063,982)	(27,098,796)	(192,096,375)	(46,754,127)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(296,230,745)	120,735,567	(286,230,745)	110,735,567
Cash receipt from issuance of bills of exchange	608,965,768	-	608,965,768	-
Repayment of bills of exchange	(370,000,000)	-	(370,000,000)	-
Cash receipt from increase in share capital	225,000,000	-	225,000,000	-
Cash receipt from long-term loans	83,474,637	-	-	-
Payment of liabilities under finance lease agreements	(1,010,006)	(1,287,522)	(453,376)	(1,287,522)
Dividend paid	(41,198,402)	-	(41,198,402)	-
Net cash from financing activities	209,001,252	119,448,045	136,083,245	109,448,045
Net increase in cash and cash equivalents	57,836,586	31,895,948	67,241,286	16,024,917
Unrealised gain on exchange for cash and cash equivalents	947,870	4,064,731	925,786	4,066,314
Cash and cash equivalents at beginning of year	71,302,684	35,342,005	54,826,481	34,735,250
Cash and cash equivalents at end of year	130,087,140	71,302,684	122,993,553	54,826,481
Supplemental disclosure of cashflow information				
Non-cash transactions				
Surplus on revaluation of land	-	105,811,145	-	105,811,145
Acquisition of motor vehicle under finance lease agreements	7,517,178	1,871,958	1,736,452	1,871,958
Transfer advance payment to subcontractors to other current assets	28,243,619	-	28,243,619	-

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
					Other components of equity					
	Issued and		Retained earnings (deficit)		Other changes	Other comprehensive				
	paid-up			Unappropriated	by the owners	income				
	share capital	Share premium	Appropriated	(Deficit)	Difference resulting			Total equity	Equity attributable	Total
					from change in	Surplus on	Total other	attributable to	to non-controlling	shareholders'
					attributable interest	revaluation	components of	owners of	interests of	equity
					in the subsidiary	of assets	equity	the Company	the subsidiary	
Balance as at 1 January 2015	299,938,000	127,160,000	25,387,773	(19,040,448)	-	-	-	433,445,325	2,550,500	435,995,825
Profit for the year	-	-	-	83,315,641	-	-	-	83,315,641	-	83,315,641
Other comprehensive income for the year	-	-	-	4,471,017	-	84,648,916	84,648,916	89,119,933	-	89,119,933
Total comprehensive income for the year	-	-	-	87,786,658	-	84,648,916	84,648,916	172,435,574	-	172,435,574
Difference resulting from change in attributable interest in the subsidiary	-	-	-	-	2,550,500	-	2,550,500	2,550,500	(2,550,500)	-
Equity attributable interest in the deregistration of subsidiary	-	-	-	2,550,500	(2,550,500)	-	(2,550,500)	-	-	-
Balance as at 31 December 2015	299,938,000	127,160,000	25,387,773	71,296,710	-	84,648,916	84,648,916	608,431,399	-	608,431,399
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	71,296,710	-	84,648,916	84,648,916	608,431,399	-	608,431,399
Profit for the year	-	-	-	133,755,288	-	-	-	133,755,288	-	133,755,288
Other comprehensive income for the year	-	-	-	(240,893)	-	-	-	(240,893)	-	(240,893)
Total comprehensive income for the year	-	-	-	133,514,395	-	-	-	133,514,395	-	133,514,395
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	-	-	225,000,000	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-	-	-	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	153,895,846	-	84,648,916	84,648,916	925,702,614	-	925,702,614

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital		Retained earnings (deficit) Unappropriated (Deficit)		Other components of equity	Total shareholders' equity
					Other comprehensive income	
					Surplus on revaluation of assets	
	Share capital	Share premium	Appropriated	(Deficit)		
Balance as at 1 January 2015	299,938,000	127,160,000	25,387,773	(14,215,709)	-	438,270,064
Profit for the year	-	-	-	80,682,836	-	80,682,836
Other comprehensive income for the year	-	-	-	4,289,784	84,648,916	88,938,700
Total comprehensive income for the year	-	-	-	84,972,620	84,648,916	169,621,536
Balance as at 31 December 2015	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Profit for the year	-	-	-	126,974,459	-	126,974,459
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	126,974,459	-	126,974,459
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	146,816,111	84,648,916	918,622,879

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

Wiik & Hoeglund Public Company Limited and its subsidiary**Notes to consolidated financial statements****For the year ended 31 December 2016****1. General information**

Wiik & Hoeglund Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of High Density Polyethylene (HDPE) pipe and related certain fittings, Low Density Polyethylene (LDPE) pipe, Polypropylene (PP) pipe, Polybutylene (PB) pipe and Weholite Spiro pipe. The registered office of the Company is as follow:

Factory: 7/214 Moo 6 Amata City Industrial Estate, Tambol Mabyangporn,
Amphur Pluakdaeng, Rayong 21140

Head Office: 90 CW Tower A 35th Floor, Ratchadapisek Road, Huaykwang, Bangkok
10310

Prior to 24 February 2015, Uponor Infra Ltd., which is incorporated in Finland, was the Company's parent company and Uponor Corporation, which is listed on NASDAQ OMX in Helsinki, Finland, was the Company's ultimate parent company. On 24 February 2015, Uponor Infra Ltd., sold all of the Company's shares via the transfer of share scripts to a group of Thai business persons and a company incorporated in Thailand in the total of 197,928,800 shares or 65.99 percent of issued and paid-up shares. From 24 February 2015 onwards, Uponor Infra Ltd. and Uponor Corporation had no longer been the parent company and the ultimate parent company of the group companies respectively.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Wiik & Hoeglund Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 Percent	2015 Percent
<u>Investments in subsidiary</u> (held by the Company)				
Wiik Water Company Limited	Pipe installation services and water management	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiary under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiary 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 Company and its subsidiary' financial statements.

(b) Financial reporting standard 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) and new accounting treatment guidance 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 Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance 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.

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 Company and its subsidiary' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

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

Dividends income

Dividends income are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measures using standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in subsidiary are accounted for in the separate financial statements using the cost method.

4.6 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Lands are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvements	-	5 years
Building and improvements	-	5 - 40 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years
Leasehold improvements	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any provision for impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>	
Computer software	5	years
License for the products under WEHOLITE trademark	5	years
License for use of water supply system	20	years

4.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiary performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.13 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income or loss.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventories

In determining an allowance for diminution in the value of inventories, the management is required to make estimates of the loss on damage and slow moving stock, and the net realisable value of inventories based on the amount the inventories are expected to realise.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates as described in Note 13.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

As described in Note 1, from 24 February 2015 onwards, Uponor Infra Ltd. and Uponor Corporation had no longer been the parent company and the ultimate parent company of the group of companies. The followings are relationships with enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

Name of entity	Country of incorporation	Nature of relationships
Wiik Water Company Limited	Thailand	Subsidiary of the Company

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	Consolidated		Separate		(Unit: Million Baht)
	financial statements		financial statements		Transfer Pricing
	2016	2015	2016	2015	Policy
Transactions with parent company (Note 1)					
Management and technical assistance fee	-	1	-	1	Contract price
Transactions with subsidiary company (eliminated from the consolidated financial statements)					
Sales	-	-	1	1	Market price
Interest income	-	-	3	-	4.1 to 5.5 percent per annum
Welding and other service charge	-	-	1	8	Market price
Administrative expense	-	-	-	2	Agreed price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables - related party (Note 8)</u>				
Trade receivables				
Subsidiary	-	-	-	175
Total trade receivables - related party	-	-	-	175
Other receivables				
Subsidiary	-	-	15	-
Total other receivables - related party	-	-	15	-
Total trade and other receivables - related party	-	-	15	175

Trade and other payables - related party (Note 17)

Trade payables				
Subsidiary	-	-	-	209
Total trade payable - related party	-	-	-	209
Other payables				
Subsidiary	-	-	359	494
Total other payables - related party	-	-	359	494
Total trade and other payables - related party	-	-	359	703

Short-term loans to related party

As at 31 December 2016 and 2015, the balances of short-term loans between the Company and its subsidiary and the movements are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	1 January 2016	during the year	during the year	31 December 2016
Short-term loans				
Subsidiary				
Wiik Water Company				
Limited	-	189,800	(87,000)	102,800
Total	-	189,800	(87,000)	102,800

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiary had short-term employee benefits and post-employment benefits expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	31,486	25,786	26,185	25,786
Post-employment benefits	1,302	769	791	769
Total directors and managements remuneration	<u>32,788</u>	<u>26,555</u>	<u>26,976</u>	<u>26,555</u>

Guarantee obligations with related parties

The Company had outstanding guarantee obligations with its subsidiary, as described in Note 30.5 to the financial statements. In addition, the Company has mortgaged its land and construction thereon with net book value of Baht 88 million as collateral against long-term loan of its subsidiary.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	115	80	80	60
Bank deposits	129,972	71,223	122,914	54,766
Total	<u>130,087</u>	<u>71,303</u>	<u>122,994</u>	<u>54,826</u>

As at 31 December 2016, bank deposits in saving and current accounts carried interests between 0.10 and 1.00 percent per annum (2015: between 0.05 and 0.38 percent per annum).

8. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related party</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	-	-	-	116
Past due				
Up to 3 months	-	-	-	59
Total trade receivables - related party	-	-	-	175
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	206,185	320,867	198,232	299,119
Past due				
Up to 3 months	81,232	39,778	76,108	39,505
3 - 6 months	7,709	1,754	7,655	1,754
Over 6 - 12 months	12,856	1,791	3,032	1,791
Over 12 months	27,123	26,911	27,078	26,848
Total	335,105	391,101	312,105	369,017
Less: Allowance for doubtful debts	(27,123)	(26,911)	(27,078)	(26,848)
Total trade receivables - unrelated parties - net	307,982	364,190	285,027	342,169
Retention receivables as per contract	1,991	1,274	-	-
Total	309,973	365,464	285,027	342,169
Total trade receivables - net	309,973	365,464	285,027	342,344
<u>Other receivables</u>				
Other receivables - related party (Note 6)	-	-	15	-
Other receivables - unrelated party	-	9	-	-
Unbilled work performed	18,069	4,233	-	-
Total other receivables	18,069	4,242	15	-
Total trade and other receivables - net	328,042	369,706	285,042	342,344

Part of the above overdue receivables aged over 90 days are secured by assignment to get payment from the customer, bank guarantees or guaranteed by the customer's directors and the Company is able to collect interest on overdue balances of certain delinquent receivables. Accordingly, the management believes that the allowance is adequate to cover the possible losses that may arise from the uncollectibility of the existing receivables.

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	215,472	155,526	(29,323)	(33,963)	186,149	121,563
Work in process	14,904	12,459	-	-	14,904	12,459
Raw materials	63,765	84,692	(121)	(179)	63,644	84,513
Spare parts and factory supplies	6,299	4,953	-	-	6,299	4,953
Total	300,440	257,630	(29,444)	(34,142)	270,996	223,488

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	215,472	155,526	(29,323)	(33,963)	186,149	121,563
Work in process	14,904	12,459	-	-	14,904	12,459
Raw materials	63,765	84,692	(121)	(179)	63,644	84,513
Spare parts and factory supplies	5,435	3,956	-	-	5,435	3,956
Total	299,576	256,633	(29,444)	(34,142)	270,132	222,491

During the current year, the Company and its subsidiary reversed the write-down of cost of inventories by Baht 5 million (The Company only: Baht 5 million), and reduced the amount of inventories recognised as expense during the year. During the year 2015, the Company and its subsidiary had reduced cost of inventories of Baht 12 million (The Company only: Baht 12 million) to reflect the net realisable value. This was included in cost of sales.

10. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

11. Investments in subsidiary

Details of investments in subsidiary as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2016	2015	2016 (%)	2015 (%)	2016	2015	2016	2015
Wiik Water Co., Ltd.	50,000	18,253	100.00	100.00	59,262	27,515	-	-
Total					59,262	27,515	-	-
Less: Allowance for impairment loss					(7,515)	(7,515)		
Total investments in subsidiary - net					51,747	20,000		

On 29 May 2015, the Extraordinary General Meeting of the shareholders of WH Pipe (Thailand) Limited passed resolutions approving an increase in that company's registered capital from Baht 10 million (49,000 ordinary shares of Baht 100 each and 51,000 preference shares of Baht 100 each) to Baht 30 million (249,000 ordinary shares of Baht 100 each and 51,000 preference shares of Baht 100 each). The Company made additional payment for the shares of such company in proportion to its shareholding, amounting to Baht 20 million, in June 2015. The subsidiary registered the increase in its registered capital and paid-in capital and registered the change of its name from "WH Pipe (Thailand) Limited" to "Wiik Water Company Limited" with the Ministry of Commerce on 5 June 2015.

On 19 June 2015, the Extraordinary General Meeting of the shareholders of Wiik Water Company Limited passed resolutions approving a decrease in its registered capital, from Baht 30,000,000 to Baht 18,252,800, through the reduction of 66,472 ordinary shares and 51,000 preference shares with a par value of Baht 100 each, in order to write-off retained losses and registered the decrease in its registered capital with the Ministry of Commerce on 24 July 2015.

On 29 February 2016, the Extraordinary General Meeting of the shareholders of Wiik Water Company Limited approved the increase of its registered capital of Baht 31,747,200 from Baht 18,252,800 to Baht 50,000,000 by issuing of 317,472 ordinary shares with the par value of Baht 100 which was determined to request the first capital paid-up 25 percent of the new registered capital and the remaining will be requested upon the necessity.

The Company made additional payment for the shares in proportion to its shareholding, amounting to Baht 7,936,800 in March 2016 and amounting to Baht 23,810,400 in May 2016. The subsidiary registered the increase in its registered and paid-in capital with the Ministry of Commerce on 16 May 2016.

12. Other Long-term Investments

Details of other long-term investments as presented in consolidated and separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Consolidated and Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2016	2015	2016 (%)	2015 (%)	2016	2015	2016	2015
Siam City Leasing and Factoring Public Co., Ltd.	455,000	455,000	3.52	3.52	21,246	21,246	800	800
K-Tech Construction Public Co., Ltd.	3,915,213	3,915,213	-	-	30	30	-	-
Total					21,276	21,276	800	800
Less: Allowance for impairment loss					(30)	(30)		
Total other long-term investments - net					21,246	21,246		

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation	Cost basis							
	basis								
		land	Building and	Leasehold	Machinery	Motor	Furniture, fixtures	Assets under	
	Land	improvement	improvements	improvement	and	vehicles	and office	installation	Total
					equipment		equipment		
Cost/Revaluation									
1 January 2015	135,130	6,619	230,627	5,123	473,152	18,131	18,779	-	887,561
Additions	-	120	737	-	14,637	1,883	1,494	8,191	27,062
Disposals and write-off	-	-	-	-	(29,105)	(4,494)	(2,790)	-	(36,389)
Revaluations	105,811	-	-	-	-	-	-	-	105,811
31 December 2015	240,941	6,739	231,364	5,123	458,684	15,520	17,483	8,191	984,045
Additions	-	448	803	8	86,402	7,579	3,412	9,457	108,109
Disposals and write-off	-	-	-	-	(31,061)	(3,336)	(777)	-	(35,174)
Transfer in (out)	-	-	-	-	8,191	-	-	(8,191)	-
31 December 2016	240,941	7,187	232,167	5,131	522,216	19,763	20,118	9,457	1,056,980
Accumulated depreciation									
1 January 2015	-	5,634	111,330	4,835	392,330	14,194	16,494	-	544,817
Depreciation for the year	-	230	4,270	127	14,785	1,563	923	-	21,898
Depreciation on disposals and write-off	-	-	-	-	(28,367)	(4,494)	(2,751)	-	(35,612)
31 December 2015	-	5,864	115,600	4,962	378,748	11,263	14,666	-	531,103
Depreciation for the year	-	325	4,360	128	17,640	2,219	1,176	-	25,848
Depreciation on disposals and write-off	-	-	-	-	(29,270)	(3,335)	(759)	-	(33,364)
31 December 2016	-	6,189	119,960	5,090	367,118	10,147	15,083	-	523,587

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis				Cost basis				
	Land	land improvement	Building and improvements	Leasehold improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and office equipment	Assets under installation	Total
Allowance for diminution in value									
1 January 2015	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	1,708	1	8	-	1,717
31 December 2015	-	-	-	-	1,708	1	8	-	1,717
Increase during the year	-	-	-	-	3,911	-	7	-	3,918
Decrease during the year	-	-	-	-	(1,708)	(1)	(8)	-	(1,717)
31 December 2016	-	-	-	-	3,911	-	7	-	3,918
Net book value									
31 December 2015	240,941	875	115,764	161	78,228	4,256	2,809	8,191	451,225
31 December 2016	240,941	998	112,207	41	151,187	9,616	5,028	9,457	529,475
Depreciation for the year									
2015 (Baht 21 million included in manufacturing cost, and the balance in selling and administrative expenses)									21,898
2016 (Baht 24 million included in manufacturing cost, and the balance in selling and administrative expenses)									25,848

(Unit: Thousand Baht)

Separate financial statements

	Revaluation	Cost basis							
	basis								
		land	Building and	Leasehold	Machinery		Furniture, fixtures		
	Land	improvement	improvements	improvement	and	Motor	and office	Assets under	Total
					equipment	vehicles	equipment	installation	
Cost/Revaluation									
1 January 2015	135,130	6,619	230,627	4,615	446,767	10,073	18,093	-	851,924
Additions	-	120	737	-	13,687	1,883	1,489	8,191	26,107
Disposals and write-off	-	-	-	-	(27,732)	(4,494)	(2,723)	-	(34,949)
Revaluations	105,811	-	-	-	-	-	-	-	105,811
31 December 2015	240,941	6,739	231,364	4,615	432,722	7,462	16,859	8,191	948,893
Additions	-	448	803	8	54,151	1,758	2,757	-	59,925
Disposals and write-off	-	-	-	-	(26,699)	(2,504)	(762)	-	(29,965)
Transfers in (out)	-	-	-	-	8,191	-	-	(8,191)	-
31 December 2016	240,941	7,187	232,167	4,623	468,365	6,716	18,854	-	978,853
Accumulated depreciation									
1 January 2015	-	5,634	111,330	4,328	367,573	9,707	16,025	-	514,597
Depreciation for the year	-	230	4,270	127	14,258	506	832	-	20,223
Depreciation on disposals and write-off	-	-	-	-	(27,142)	(4,494)	(2,709)	-	(34,345)
31 December 2015	-	5,864	115,600	4,455	354,689	5,719	14,148	-	500,475
Depreciation for the year	-	325	4,360	128	16,109	494	1,056	-	22,472
Depreciation on disposals and write-off	-	-	-	-	(24,913)	(2,504)	(745)	-	(28,162)
31 December 2016	-	6,189	119,960	4,583	345,885	3,709	14,459	-	494,785

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis				Cost basis				
	Land	land improvement	Building and improvements	Leasehold improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and office equipment	Assets under installation	Total
Allowance for diminution in value									
1 January 2015	-	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	1,687	-	7	-	1,694
31 December 2015	-	-	-	-	1,687	-	7	-	1,694
Increase during the year	-	-	-	-	3,911	-	7	-	3,918
Decrease during the year	-	-	-	-	(1,687)	-	(7)	-	(1,694)
31 December 2016	-	-	-	-	3,911	-	7	-	3,918
Net book value									
31 December 2015	240,941	875	115,764	160	76,346	1,743	2,704	8,191	446,724
31 December 2016	240,941	998	112,207	40	118,569	3,007	4,388	-	480,150
Depreciation for the year									
2015 (Baht 19 million included in manufacturing cost, and the balance in selling and administrative expenses)									20,223
2016 (Baht 21 million included in manufacturing cost, and the balance in selling and administrative expenses)									22,472

The Company arranged for an independent professional valuer to appraise the value of its land in 2015 by using the market approach.

Key assumptions used in the valuation are summarised below:

	Consolidated and Separate financial statements	Result to fair value where as an increase in assumption value
Price per rai (Baht)	2,900,000	Increase in fair value

Had the land been carried in the financial statements on historical cost basis, its net book value as of 31 December 2016 and 2015 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2016</u>	<u>2015</u>
Land	135,310	135,310

As at 31 December 2016, the Company and its subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 8 million (2015: Baht 2 million) (The Company only: Baht 3 million 2015: Baht 2 million).

As at 31 December 2016, the Company and its subsidiary certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 292 million (2015: Baht 296 million) (The Company only: Baht 271 million 2015: Baht 277 million).

The Company has mortgaged its land and construction thereon and machinery with net book value as at 31 December 2016 of Baht 360 million (2015: Baht 277 million) as collateral against the Company and its subsidiary' credit facilities received from financial institutions.

14. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand

Baht)

	Consolidated financial statements				Separate financial statements		
	License for use of water supply system	License for the products under WEHOLITE Trademark	Computer software	Total	License for the products under WEHOLITE trademark	Computer software	Total
As at 31 December 2016							
Cost	110,000	3,720	13,429	127,149	3,720	13,429	17,149
Less							
Accumulated amortisation	(3,223)	(1,379)	(13,082)	(17,684)	(1,379)	(13,082)	(14,461)
Net book value	106,777	2,341	347	109,465	2,341	347	2,688
As at 31 December 2015							
Cost	-	3,720	13,415	17,135	3,720	13,415	17,135
Less							
Accumulated amortisation	-	(633)	(12,836)	(13,469)	(633)	(12,836)	(13,469)
Net book value	-	3,087	579	3,666	3,087	579	3,666

A reconciliation of the net book value of intangible assets for the years ended 31 December 2016 and 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	3,666	622	3,666	622
Acquisition of computer software	14	175	14	175
Acquisition of License for the products under WEHOLITE Trademark	-	3,720	-	3,720
Acquisition of license for use of water supply system	110,000	-	-	-
Amortisation for the year	(4,215)	(851)	(992)	(851)
Net book value at end of year	109,465	3,666	2,688	3,666

License for use of water supply system of Baht 110 million is the compensation which the subsidiary has to pay to a company, whereby the subsidiary is granted to manage operation of the water supply to Siam Eastern Industrial Park for 20 years from the first day the water supply is operational (1 June 2016) as described in Note 30.4 to the financial statements and are amortised on a straight-line basis over the useful life of 20 years.

15. Short-term loans from financial institutions

	Interest rate (percent per annum)		(Unit: Thousand Baht)			
			Consolidated		Separate	
	2016	2015	financial statements	financial statements	financial statements	financial statements
			2016	2015	2016	2015
Short-term loans from financial institutions	3.50 - 3.75	5.14 - 5.47	89,769	386,000	89,769	376,000
Total			89,769	386,000	89,769	376,000

The Company's short-term loans from financial institutions are secured by the mortgage of the Company's land and construction thereon and machinery and the pledge of its fixed deposits at banks. The subsidiary's short-term loans from financial institutions are guaranteed by the Company.

16. Bills of exchange

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
Balance as at 1 January 2016	-	
Add: Issuance bills of exchange	611,000	
Less: Repayment bills of exchange	(370,000)	
Less: Deferred interest expenses	(2,034)	
Balance as at 31 December 2016	238,966	

On 16 May 2016, the Board of Directors of the Company passed a resolution approving the issue of bills of exchange, with the credit limit at any one time shall not exceeding Baht 600 million (at any one time, upon the redemption of the short-term bills of exchange, the Company is able to offer to sell the bills of exchange again but the value of which shall not exceed Baht 600 million) to be offered to investors under a general sale offering or by private placement to financial institutions or major investors, in order to facilitate the working capital of the Company. The bills of exchange are unsecured, bear interest at a rate of 4 percent per annum and mature in March 2017.

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade payables - related party (Note 6)	-	-	-	209
Trade payables - unrelated parties	29,373	96,046	29,106	85,061
Other payables - related party (Note 6)	-	-	359	494
Other payables - unrelated parties	15,491	17,373	11,486	15,171
Total trade and other payables	44,864	113,419	40,951	100,935

18. Long-term loans

		(Unit: Thousand Baht)			
		Consolidated financial		Separate financial	
		statements		statements	
Interest rate	Repayment schedule	2016	2015	2016	2015
(%)					
MLR - 1.75	Monthly installments as from				
	November 2016 - July 2024	83,475	-	-	-
Less: Current portion		(9,359)	-	-	-
Long-term loans, net of current portion		74,116	-	-	-

The loans of its subsidiary are secured by the Company and the mortgage of the Company's land including the transfer of rights of claim under the agreement granting a license for operate a water supply system that its subsidiary had received from another company. Under the loan agreement, its subsidiary is required to follow certain conditions stated in the agreement.

19. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial		Separate	
	statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Liabilities under finance lease agreements				
	8,087	1,342	2,611	1,342
Less: Deferred interest expenses	(336)	(99)	(85)	(99)
Total	7,751	1,243	2,526	1,243
Less: Portion due within one year	(1,954)	(336)	(738)	(336)
Liabilities under finance lease agreements - net of current portion	<u>5,797</u>	<u>907</u>	<u>1,788</u>	<u>907</u>

The Company and its subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)					
	As at 31 December					
	Consolidated financial statements					
	Less than 1 year		1-5 years		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Future minimum lease payments	2,100	383	5,987	959	8,087	1,342
Deferred interest expenses	(146)	(47)	(190)	(52)	(336)	(99)
Present value of future minimum lease payments	<u>1,954</u>	<u>336</u>	<u>5,797</u>	<u>907</u>	<u>7,751</u>	<u>1,243</u>

	(Unit: Thousand Baht)					
	As at 31 December					
	Separate financial statements					
	Less than 1 year		1-5 years		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Future minimum lease payments	783	383	1,828	959	2,611	1,342
Deferred interest expenses	(45)	(47)	(40)	(52)	(85)	(99)
Present value of future minimum lease payments	<u>738</u>	<u>336</u>	<u>1,788</u>	<u>907</u>	<u>2,526</u>	<u>1,243</u>

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	9,883	13,806	8,389	12,269
Included in profit or loss:				
Current service cost	1,858	1,579	1,466	1,428
Interest cost	214	191	177	159
Transferred	801	-	-	-
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	214	(3,592)	-	(3,411)
Financial assumptions changes	178	610	-	548
Experience adjustments	(90)	(2,606)	-	(2,499)
Benefits paid during the year	-	(105)	-	(105)
Provision for long-term employee benefits at end of year	13,058	9,883	10,032	8,389

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Cost of sales	693	691	638	599
Selling and administrative expenses	2,180	1,079	1,005	988
Total expenses recognised in profit or loss	2,873	1,770	1,643	1,587

The Company and its subsidiary expect not to pay of long-term employee benefits during the next year (Separate financial statements: Nil) (2015: Baht 1.1 million, separate financial statements: Baht 1.1 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 7.22 - 7.79 years (Separate financial statements: 7.22 years) (2015: 7.22 - 7.78 years, separate financial statements: 7.22 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.3 - 2.6	2.3 - 2.5	2.3	2.3
Future salary increase rate	4.0 - 5.0	4.0	4.0	4.0
Staff turnover rate	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

As at 31 December 2016

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(0.9)	0.9	(0.6)	0.7
Salary increase rate	1.0	(0.9)	0.8	(0.7)
Turnover rate	(0.9)	0.1	(0.7)	0.1

(Unit: Million Baht)

As at 31 December 2015

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(0.7)	0.7	(0.6)	0.6
Salary increase rate	0.8	(0.7)	0.6	(0.6)
Turnover rate	(0.7)	0.1	(0.6)	0.1

21. Share capital/Warrant

The warrants to buy ordinary shares of the Company No.1 ("WIIL-W1") ("Warrant") of not exceeding 99,979,334 units had been allocated to the existing shareholders, free of charge in a ratio of 1 warrant for every 3 existing ordinary shares. The warrants are to have an exercise price Baht 5 per share and a term of up to 3 years from the date they are issued and offered (The first exercise date is on 30 December 2015 and the last exercise date is on 15 June 2018). The trading of the warrants to buy ordinary shares of the Company No.1 ("WIIL-W1") on the Stock Exchange of Thailand was approved on 30 June 2015.

As at 31 December 2016, the outstanding warrants to buy ordinary shares of the Company No.1 (“WIHK-W1”) which did not exercise 99,963,136 units (2015: 99,963,136 units).

During March 2016, the Company received payment for the 75,000,000 additional ordinary shares with a par value of Baht 1 per share that were sold at a price of Baht 3 per share to two investors through private placements, or a total of Baht 225,000,000. The Company registered the increase in its paid-in capital with the Ministry of Commerce on 15 March 2016.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

During the 2016, the Company set aside of Baht 3.32 million of the 2015 net profit to the statutory reserve.

As at 31 December 2016, the Company set aside of Baht 6.35 million of the 2016 net profit to the statutory reserve.

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	123,862	105,260	99,427	90,752
Depreciation and amortization	30,063	22,748	23,464	21,074
Rental expenses from operating lease agreements	11,559	9,670	6,211	5,435
Raw materials and consumables used	787,072	752,155	787,072	752,155
Changes in inventories of finished goods and work in progress	(62,391)	(15,267)	(62,391)	(15,267)

24. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	262	59	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,207)	(4,483)	(4,860)	(4,449)
Income tax income reported in the statement of comprehensive income	<u>(4,945)</u>	<u>(4,424)</u>	<u>(4,860)</u>	<u>(4,449)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax on actuarial gain (loss)	(60)	1,118	-	1,073
Deferred tax on gain from revaluation of assets	-	21,162	-	21,162
Total	<u>(60)</u>	<u>22,280</u>	<u>-</u>	<u>22,235</u>

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	128,810	78,892	122,115	76,234
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	25,762	15,778	24,423	15,247
Utilisation of previously unrecognised deferred tax assets	-	(557)	-	-
Set up of temporary differences on deferred tax for the year	(4,553)	(2,676)	(4,553)	(2,676)
Utilisation of unrecognised tax losses for the year	-	(362)	-	(362)
Effects of:				
Promotional privileges (Note 25)	(23,523)	(16,788)	(23,593)	(16,728)
Dividends received are excluded from taxable profit	(160)	(160)	(160)	(160)
Non-deductible expenses	897	341	778	230
Additional expense deductions allowed	(3,368)	-	(1,755)	-
Total	(26,154)	(16,607)	(24,730)	(16,658)
Income tax income reported in the statement of comprehensive income	(4,945)	(4,424)	(4,860)	(4,449)

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	52	13	43	-
Allowance for diminution in value of inventories	2,944	3,414	2,944	3,414
Allowance for asset impairment	784	343	784	339
Provision for long-term employee benefits	2,611	1,977	2,006	1,678
Other provision	109	-	-	-
Unused tax loss	12,170	7,656	12,170	7,656
Total	18,670	13,403	17,947	13,087
Deferred tax liabilities				
Revaluation surplus of land	21,162	21,162	21,162	21,162
Total	21,162	21,162	21,162	21,162

As at 31 December 2015, the Company and its subsidiary have unused tax losses of Baht 170 million (The Company only: Baht 170 million), on which deferred tax assets have not been recognised as the Company and its subsidiary believe there are uncertainties in the future whether to recognise tax losses as deferred tax assets.

25. Promotional privileges

The Company has received promotional privileges from the Board of Investment. Subject to certain conditions, the significant privileges are as follow:

Details	The promotion certificate No.	
	7005(2)/กย./2546	1910(2)/2547
1. Promotional privileges for the manufacture of	Plastic or moulding with plastic (PE, PP and PB pipe and fittings)	Plastic or moulding with plastic (PE pipe and fittings)
2. Promotional privileges		
2.1 Exemption of corporate income tax for net earnings from promotional activities of not exceeding 100% of investment, exclusive of land and working capital, and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	8 years from the date the promoted operations commenced generating revenues (For corporate income tax which not exceed Baht 191,092,277)	8 years from the date the promoted operations commenced generating (For corporate income tax which not exceed Baht 36,923,700)
2.2 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Eligible	Eligible
2.3 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income	Eligible (expired)	Eligible
2.4 A twenty five percent deduction on investment in installation or construction of facilities, apart from normal depreciation deduction	Eligible (expired)	Eligible
3. Date of first earning operating income	12 November 2004	Not yet started

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2016	2015	2016	2015	2016	2015
Sales and service income						
Domestic sales and service income	927,528	842,946	28,923	24,693	956,451	867,639
Export sales and service income	167,033	226,256	6,281	9,847	173,314	236,103
Total sales and service income	1,094,561	1,069,202	35,204	34,540	1,129,765	1,103,742

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

There is no calculation of diluted earnings per share for consolidated and separate financial statements for the year ended 31 December 2016 and 2015 since the exercise price of warrant exceeded the weighted average fair value during the year of the Company's ordinary shares.

27. Segment information

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.

For management purposes, the Company and its subsidiary are organised into business units based on its products and services and have two reportable segments as follows:

- The production distribution and pipe installation services segment is a part manufacture distribution and provide welding services for the product of high density polyethylene pipe and fittings, Low Density Polyethylene pipe, Polypropylene pipe, Polybutylene pipe, and Weholite Spiro pipe.
- The water management segment is a part which is water management, water distribution and water supply system, design construction and operation of water supply system.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiary' operating segments for the year ended 31 December 2016 as follow.

	(Unit: Thousand Baht)				
	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
Revenue from external customers	1,179,926	33,985	1,213,911	-	1,213,911
Revenue between segments	1,002	-	1,002	(1,002)	-
Other income	20,443	-	20,443	(474)	19,969
Interest income	3,619	-	3,619	(2,883)	736
Total Revenue	1,204,990	33,985	1,238,975	(4,359)	1,234,616
Cost of sale and service	(907,718)	(19,123)	(926,841)	1,110	(925,731)
Selling expenses	(72,021)	-	(72,021)	331	(71,690)
Administrative expenses	(56,216)	(4,036)	(60,252)	309	(59,943)
Income tax (expenses) income	5,005	-	5,005	(60)	4,945
Interest paid	(15,517)	(3,500)	(19,017)	2,862	(16,155)
Depreciation and amortisation	(25,581)	(4,482)	(30,063)	-	(30,063)
Loss on impairment of assets	(2,224)	-	(2,224)	-	(2,224)
Total costs and expenses	(1,074,272)	(31,141)	(1,105,413)	4,552	(1,100,861)
Segment profit	130,718	2,844	133,562	193	133,755

During the years ended 31 December 2015, the one main reportable operating segment of the Company and its subsidiary is producing plastics pipes and fittings and the subsidiaries providing related piping system design, welding and installation services and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits or loss and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the year 2016, the Company and its subsidiary have revenue from two major customers in amount of Baht 151 million and Baht 88 million, arising from sales by the producing plastic pipes and fittings and providing related piping system design, welding and installation services. (For the year 2015, the Company and its subsidiary have revenue from two major customers in amount of Baht 147 million and Baht 130 million, arising from sales by the producing plastic pipes and fittings and providing related piping system design, welding and installation services.)

28. Provident fund

The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiary and their employees contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 3 million (2015: Baht 3 million) (The Company only: Baht 2 million 2015: Baht 2 million) to the fund.

29. Dividend payment

On 21 April 2016, the Annual General Meeting of the Company's shareholders approved of the appropriation of Baht 3.32 million of the 2015 annual profit to the statutory reserve and the payment of a dividend in respect of the 2015 operating results of Baht 0.11 per share, or a total of Baht 41.24 million of which was paid in May 2016.

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2016, the Company and its subsidiary had capital commitments of approximately Baht 97.1 million and US dollar 0.3 million, relating to the construction of water production system and the acquisition of machinery (2015: Baht 14.9 million, Euro 0.4 million and Pound Sterling 0.2 million, relating to the acquisition of machinery) (The Company only: Baht 12.1 million and US dollar 0.3 million, relating to the acquisition of machinery (2015: Baht 14.9 million, Euro 0.4 million and Pound Sterling 0.2 million, relating to the acquisition of machinery)).

30.2 Raw material purchase commitments

As at 31 December 2016, the Company had raw material purchase commitments amounting to Baht 244.9 million (2015: Baht 109.6 million).

30.3 Operating lease and service agreement commitments

The Company and its subsidiary have entered into several lease and service agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 3 and 5 years.

Future minimum payments required under these non-cancellable operating leases and service contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	3.9	3.8	3.4	3.3
In over 1 and up to 5 years	1.5	4.7	1.3	4.1

30.4 Long-term service commitment

- (a) The Company entered into Licensing Agreement with Uponor Infra Ltd. for the products under WEHOLITE trademarked for a period of 5 years. The Licensing Agreement is for Licensing Fee and Royalty Fee. For the year ended 31 December 2016, the Licensing Fee and Royalty Fee was approximately Baht 3.6 million (2015: Baht 3.5 million).
- (b) On 17 May 2016, the subsidiary signed an agreement with a company (the Licensor) granting it a license to manage a water supply system, whereby the subsidiary is to manage operation of the water supply distributed to Siam Eastern Industrial Park for a period of 20 years from the first day the water supply system is operational (1 June 2016). The subsidiary has to pay to the Licensor compensation amounting to Baht 110 million and compensation for rental as stipulated in the agreement at Baht 1.2 million per annum for 20 years. The subsidiary is required to maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at its own expense. The Licensor agrees to purchase treated water that the subsidiary produces in a volume sufficient to meet the demand of its users at the price stipulated in the agreement, with minimum guaranteed sales of 12,000 cubic meters per day and the subsidiary has to purchase raw water only from the licensor at the price stipulated in the agreement. Moreover, the subsidiary is also obliged to comply with certain provisions and conditions stipulated in the agreement.

- (c) On 21 October 2016, the subsidiary signed an agreement with a company to design, construct and operate a potable water production system for Wellgrow Industrial Estate for a period of 20 years from the first day the potable water system is operational. Under the agreement, the subsidiary is responsible for the acquisition of machinery and equipment used in the production of potable water, including installation of the potable water system, at its own expense. The subsidiary is also obliged to comply with certain conditions stipulated in the agreement.

30.5 Guarantees

- (a) As at 31 December 2016, the Company has guaranteed bank credit facilities of its subsidiary amounting to US dollar 1 million and Baht 188 million (2015: US dollar 1 million and Baht 71 million).
- (b) As at 31 December 2016 and 2015, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiary. The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Guarantee payment due to suppliers	35.9	37.1	35.8	35.7
Guarantee cash advance received from customer and retention	60.9	20.9	32.6	-
Guarantee contractual performance	19.7	7.6	16.6	7.1
Guarantee electricity use	4.7	4.3	4.2	4.2
	<u>121.2</u>	<u>69.9</u>	<u>89.2</u>	<u>47.0</u>

31. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiary had the assets and liabilities that were measured at fair value, as follows:

(Unit: Thousand Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Financial assets measured at fair value				
Derivatives				
Foreign currency forward contracts (level 2)	-	90	-	68
Property, plant and equipment (level 3)	105,811	105,811	105,811	105,811

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiary' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans to related party, deposits at bank with restrictions, other long-term investment, short-term loans, bills of exchange, trade and other payables, long-term loans and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to related party. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiary also have a policy to obtain bank guarantees from its customers to secure the partial amounts of receivable balances and have exercised the letters of guarantee to reduce the overdue receivable balances and has implemented the credit risk insurance since July 2014 to reduce more credit risk. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans to related party as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiary' exposure to interest rate risk relates primarily to their cash at banks, bill of exchange and short-term and long-term loans. However, since most of the Company and its subsidiary' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

As at 31 December

Consolidated financial statements

	Fixed interest rates				Floating		Non-interest		Effective			
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
											(% per annum)	
Financial Assets												
Cash and cash equivalents	40	-	-	-	90	54	-	17	130	71	0.10 to 1.00	0.05 to 0.38
Trade and other receivables	-	-	-	-	-	-	328	370	328	370	-	-
Deposits at bank with restrictions	-	-	-	-	16	16	-	-	16	16	0.88	0.88 to 1.13
Other long-term investment	-	-	-	-	-	-	21	21	21	21	-	-
	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>	<u>70</u>	<u>348</u>	<u>408</u>	<u>494</u>	<u>478</u>		
Financial liabilities												
Short-term loans	90	386	-	-	-	-	-	-	90	386	3.50 to 3.75	5.14 to 5.47
Bills of exchange	239	-	-	-	-	-	-	-	239	-	4.00	-
Trade and other payables	-	-	-	-	-	-	45	113	45	113	-	-
Long-term loans	-	-	-	-	83	-	-	-	83	-	4.85	-
Liabilities under finance lease agreements	<u>2</u>	<u>-</u>	<u>6</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>1</u>	0.21 to 4.66	4.66
	331	386	6	1	83	-	45	113	465	500		

(Unit: Million Baht)

As at 31 December

Separate financial statements

	Fixed interest rates				Floating		Non-interest		Effective			
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
											(% per annum)	
Financial Assets												
Cash and cash equivalents	40	-	-	-	83	52	-	3	123	55	0.10 to 1.00	0.05 to 0.38
Trade and other receivables	-	-	-	-	-	-	285	342	285	342	-	-
Short-term loans to related party	103	-	-	-	-	-	-	-	103	-	4.10	-
Deposits at bank with restrictions	-	-	-	-	16	16	-	-	16	16	0.88	0.88 to 1.13
Other long-term investment	-	-	-	-	-	-	21	21	21	21	-	-
	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>68</u>	<u>306</u>	<u>366</u>	<u>548</u>	<u>434</u>		
Financial liabilities												
Short-term loans	90	376	-	-	-	-	-	-	90	376	3.50 to 3.75	5.14 to 5.21
Bills of exchange	239	-	-	-	-	-	-	-	239	-	4.00	-
Trade and other payables	-	-	-	-	-	-	41	101	41	101	-	-
Liabilities under finance lease agreements	1	-	2	1	-	-	-	-	3	1	0.75 to 4.66	4.66
	<u>330</u>	<u>376</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>101</u>	<u>373</u>	<u>478</u>		

Foreign currency risk

The Company and its subsidiary' exposures to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiary seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Euro	-	0.1	-	-	-	39.0780
US dollar	0.9	1.5	-	0.4	35.6588	36.0886

Separate financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Euro	-	0.1	-	-	-	39.0780
US dollar	0.9	1.5	-	0.1	35.6588	36.0886

Foreign exchange contracts outstanding are summarised below.

Consolidated financial statements

As at 31 December 2015			
Foreign currency	Bought amount	Contractual exchange	Contractual maturity date
		rate bought	
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.4	35.6720 - 36.2417	18 March 2016 to 11 April 2016

Separate financial statements

As at 31 December 2015			
Foreign currency	Bought amount	Contractual exchange	Contractual maturity date
		rate bought	
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	35.6720	11 April 2016

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

33. Capital management

The primary objective of the Company's capital management are to ensure that it has appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.66:1 (2015: 1.02:1) and the Company's was 0.55:1 (2015: 0.96:1).

34. Events after the reporting period

On 21 February 2017, the Board of Directors Meeting of its subsidiary passed a resolution to propose for approval by its shareholders' meeting an increase of Baht 120 million in the registered capital, from Baht 50 million to Baht 170 million, by issuing 1,200,000 new ordinary shares with a par value of Baht 100 per share to the existing shareholders at a price of Baht 117 per share, or for a total of Baht 140.40 million. The shares are required the first capital paid-up 25 percent of the new registered capital and the remaining will be requested upon the subsidiary's necessity.

On 22 February 2017, the Board of Director's Meeting of the Company passed the resolutions as follow.

- 1) To propose for approval by the Annual General Meeting of the Company's shareholders the appropriation of Baht 6.35 million of the 2016 annual profit to the statutory reserve and the payment of a dividend of Baht 0.20 per share, or a total of Baht 74.99 million.
- 2) To propose for approval by the Annual General Meeting of the Company's shareholders to decrease of the Company's registered capital of Baht 189,975,200 from Baht 664,892,534 to Baht 474,917,334 by reduce of 189,975,200 non paid-up of the Company's registered capital with a par value of Baht 1 per share.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.