

ANNUAL REPORT 2014

SNC

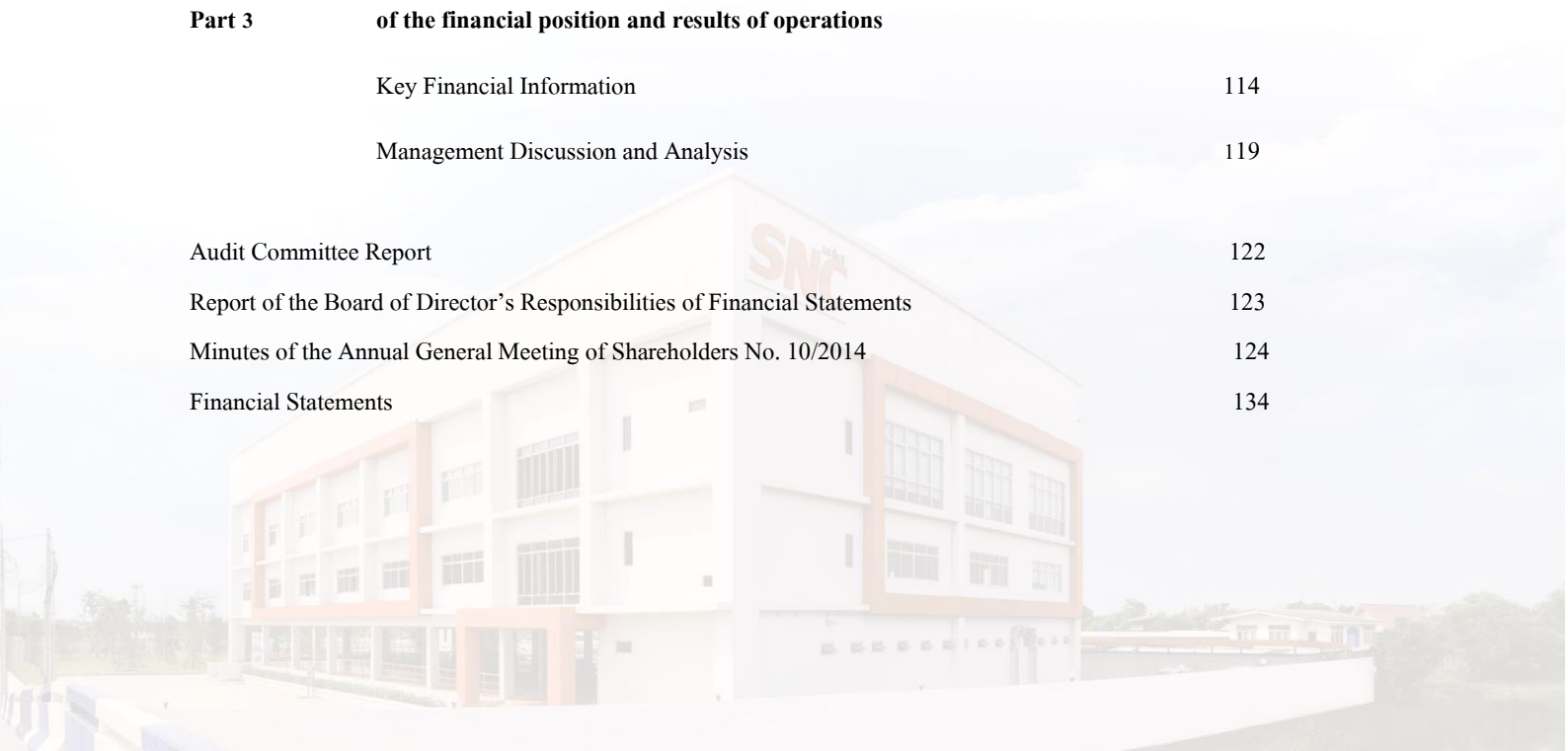
รายงานประจำปี 2557

บริษัท เอส เอ็น ซี ฟอว์เมอร์ จำกัด (มหาชน)
SNC FORMER PUBLIC COMPANY LIMITED



Contents

Message from the Chairman of the Board of Directors	2
Profile of the Directors Executives and Authorized persons	3
Profile of the Head of Internal Audit Manager and Head of Compliance	11
Part1 of the Business	
Policy andb Business Overview	13
Nature of Business Operation	16
Risk Factors	46
Assets for business operation	48
Legal Disputation	50
General Information	51
Part 2 Management and Governance	
Securities Information and Shareholders	55
Management Structure	58
Corporate Governance	70
Coporate Social Responsibilities	98
Internal Control and Risk Management	109
Connected Transaction	112
Part 3 of the financial position and results of operations	
Key Financial Information	114
Management Discussion and Analysis	119
Audit Committee Report	122
Report of the Board of Director's Responsibilities of Financial Statements	123
Minutes of the Annual General Meeting of Shareholders No. 10/2014	124
Financial Statements	134



วิสัยทัศน์ / VISION

(SNC : SUPERSTORE)

เอส เอ็น ซี ศูนย์รวมของผลิตภัณฑ์และบริการแบบครบวงจรในอุตสาหกรรมรถยนต์, เครื่องทำความเย็น, เครื่องใช้ไฟฟ้าและอิเล็กทรอนิกส์ An ultimate ONE STOP SHOP & SERVICE CENTER of variety products and comprehensive services in Automotive, HVAC systems (Heating Ventilation & Air Conditioning), Electrical Appliances and Electronics industries.

พันธกิจ / MISSION

- | | |
|--|------------------------------------|
| 1. คำนึงถึงคุณภาพของสินค้าเป็นอันดับแรก
Regard of the quality of products first. | Quality First |
| 2. สร้างความหลากหลายของผลิตภัณฑ์และบริการเพื่อตอบสนองความต้องการทุกรูปแบบของลูกค้า
Create a wide variety of products and services to meet all kinds of customers. | Differentiation |
| 3. สร้างผลิตภัณฑ์ที่มีคุณภาพในราคาที่ลูกค้าสามารถซื้อไปแข่งขันได้
Create quality products at a price that customer can buy to compete. | Cost Effectiveness |
| 4. ตอบสนองความต้องการของลูกค้าด้วยความรวดเร็ว
Meet customer needs with speed. | Quick Response |
| 5. ปรับระบบการผลิตให้ยืดหยุ่นทันต่อสภาพแวดล้อมที่เปลี่ยนแปลงอย่างรวดเร็ว
Adjust production systems to take away flexibility to rapidly changing environment. | Flexible Manufacturing System |
| 6. ให้ความสำคัญกับผลิตภัณฑ์ที่เป็นมิตรกับสิ่งแวดล้อมและผู้มีส่วนได้ส่วนเสียทั้งทางตรงและทางอ้อม
Focus on products that are environmentally friendly and stakeholders, both direct and indirect. | Focus on Products and Stakeholders |
| 7. มีจิตวิญญาณและความตั้งใจในเรื่องการบริการ เพื่อให้ลูกค้าได้รับความพึงพอใจสูงสุด
A mental switch and signal intentions on the service to customers satisfaction. | Service Mind |

To the Shareholders

Thailand's economic growth in the year 2014 did not reach the target generally expected due to several factors including political turmoil during the first half of the year, constraint of export volume for the whole year and price decrease of Thai major crops e.g. rice and rubber. Such factors have considerably affected general buying power and risen up household debt which directly impact electric appliance and automobile industry in the country, the major clients of our Company. Their overall production have been dramatically decreased especially for automobile industry in which production dropped as much as 23% or to only 1.88 million units mainly resulting from domestic market shrinkage.

The Company's management realizes such impacts and has constantly made adjustment to their operation including unnecessary cost saving. Also, efforts have been made to increase sale

volume of residential air conditioner industry. The overall sale volume was, however, as high as 7,404 million baht and larger than that of 2013. With respect to the profit, although original businesses have demonstrated satisfactory result, those projects having been newly invested during the past 2-3 years could not, however, meet the expected target as the sale volume was not as high as what we planned while high operation cost and expenses has rendered loss. As such, the overall profit amount of 2014 was therefore less than that of the previous year.

With regard to the operation approach for the year 2015, the Company has set forth its business growth covering both original businesses and product as its core business and those newly invested projects in order to ensure that our operation will be carried out effectively and efficiently as planned while the market will be expanded according to our target. We also continue to search for new business opportunity through several projects under feasibility study and joint investment with leading manufacturers abroad which will diversify our business structure and guarantee sustainable growth in the long term.



With appreciation

Mr. Satit Chanjavanakul

Chairman of the Board of Directors

Profile of the Directors, Executives and Authorized Persons



1. Mr. Satit Chanjavanakul (67 Years)

- Chairman of the Board of Directors

Independent Director

Appointment Date : April 30, 2009

Education

- Master of Business Administration, Thammasat University
- Master of Science, Textile Technology, University of Leeds, U.K
- Bachelor of Industrial Engineering, Chulalongkorn University
- Top Executive Program in Commerce and Trade (TEPCOT), Class 1
- Director Accreditation Program Training (83rd)
- Capital Market Academy, Class 5
- International Advanced Management Program, MIT, USA
- National Defence Course for the Joint State-Private Sector, Class 4414
- Hubert Humphrey Fellowship Program, Planning & Resource Management, Massachusetts Institute of technology(MIT), USA.

No. of shares and % of shares holding

None

Relationship

-

5 Years Experience Background

- 2009 - Present Chairman of the Board of Direct
SNC Former Public Company Limited
- 2013 - Present Director
Witcorp Products Company Limited
- 2013 - Present Director
Thai Agro Energy Public Company Limited
- 2004 - Present Audit Committee
Asia Plus Securities Public Company Limited
- 2009 - Present Audit Committee
Chumporn Palm Oil Industry Public
Company Limited
- 2009 - Present Audit Committee
Crown Seal Public Company Limited
- 2009 - Present Audit Committee
Lalin Property Public Company Limited
- 2008 - Present Director
Jamjuree Innovation Company Limited
- 2010 - Present Director
Thai Airlines Holdings Company Limited
- 1991 - Present Director
SPC Home Ideas Company Limited

No. of meeting attendances in 2014 6/6

2. Dr. Somchai Thaisa-nguanvorakul (57 Years)

- Chairman of Executive Committee
- Chairman of Risk Management Committee
- Chairman of CG & CSR Committee
- Director

Appointment Date : April 19, 2004

Education

- Doctor of Philosophy Program in Public Administration, Ubon Ratchathani University
- Honorary Doctorate degree in Business Administration in Finance, Rajamangala University of Technology Isan
- Master of Public and Private Management (Class#3), National Institute of Development Administration (NIDA)
- Bachelor of Political Science, Ramkhamhaeng University
- Certificate in Management , University of California, Berkeley, CA, USA
- Capital Market Academy Leader Program Class #10 Capital Market Academy
- The Senior Executive Program (SEP) Class#19 Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advanced Security Management Program ASMP #5

The Association National Defence College of Thailand

under the Royal Patronage of His Majesty the King

- Director Accreditation Program Training (31ndt)
- Director Certification Program Training (55th)
- Director Certification Program Update (DAPU) Training (class#2/2014t)

No. of shares and % of shares holding

11,257,212 shares equal to 3.91 %

Relationship

Executive and major shareholder

5 Years Experience Background

2015 - Present Chairman of Risk Management Committee

Chairman of CG & CSR Committee

SNC Former Public Company Limited

2004 - Present Chairman of Executive Committee

SNC Former Public Company Limited

SNC Fukui Holy Insulation Company Limited

SNC Atlantic Heat Pump Company Limited

Meisou SNC Precision Company Limited

SNC Creativity Anthology Company Limited

International Techno Pipe Company

Toptech Diamond Tool Company Limited

SSM Automation Company Limited

Infinity Part Company Limited

Paradise Plastic Company Limited

Immortal Part Company Limited

Ultimate Part Company Limited

SNC Pyongsan Evolution Company Limited

SNC Cooling Supply Company Limited

SNC Holding Company Limited

No. of meeting attendances in 2014 6/6

3. Mr. Chaisak Ankasuwan (66 Years)

- Independent Director
- Audit committee
- Nomination and Remuneration Committee

Date of acquiring the position: April 3rd, 2014

Education

- Bachelor of Law, Thammasat University

- Master of Public Administration, Public and Private Management Program, National Institute of Development Administration (NIDA)
- The National Defense College (NDC 4414)
- Training program - Director Accreditation Program (DAP), Class 51/2006
- Training program - Business commissioning for directors and top level management of state enterprise and Public, Batch 2, Public Director Institute (PDI)
- Training program - Director Certification Program (DCP), Class 129/2010
- Training program - Top level management, Batch 10, Capital Market Academy

No. of shares and % of shares holding

none

Relationship

-

5 Years Experience Background

2014 - Present Independent Director

Audit committee

Nomination and Remuneration

Committee

SNC Former PCL

2013 - Present Vice Chairman

One to One Contacts PCL

2009 - 2011 Vice Chairman

The Transport Co., Ltd.

2009 - 2011 Director

Thai Airways International PCL

2005 - 2011 Chairman

Aeronautical Radio of Thailand Co., Ltd.

2005 - 2008 Director

Airports of Thailand PCL

2004 - 2010 Director

Thai Aviation Industries Co., Ltd.

2004 - 2007 Director

Tourism Authority of Thailand (TAT)

No. of meeting attendances in 2014 4/6

4. Mr. Wisan Wuttisaksin (63 Years)

- Independent Director
- Chairman of Nomination and Remuneration Committee
- Appointment Date : July 27, 2012

Education

- Master of Public and Private Management, National Institute of Development Administration (NIDA)
- Bachelor of Laws, Ramkhamhaeng University
- Director Certification Program (DCP125/2009)
- Financial Statements for Directors (FSD6/2009)
- Role of the Compensation Committee (RCC 12/2012)
- Diploma, National Defence College, The Joint State-Private Sector Course Class of 15
- Politics and Governance in Democratic Systems for Executive Course, Class of 8
- Chief Executive officer Development Program, Fiscal policy Research Institute Foundation, The Kellogg School of Management and the Maxwell School of Citizenship and Public Affairs
- Senior Executives on Justice Administration, Class of 12

No. of shares and % of shares holding

none

Relationship

-

5 Years Experience Background

2012 - Present Independent Director

SNC Former Public Company Limited

2015 - Present Chairman of Nomination and
Remuneration Committee

SNC Former Public Company Limited

2012 - 2013 Independent Director

Thai Oil Public Company Limited

2009 - 2011 Advisor on Customs Control
Development

Customs Department

No. of meeting attendances in 2014 6/6

5. Mr. Suchat Boonbanjerd Sri (55 Years)

- Independent Director

- Head of Audit committee

- Date of acquiring the position: December 25th, 2014

Education

- Master degree, Wharton School, University of
Pennsylvania, USA.

- Bachelor degree (2nd Class honor), Economics,
Quantitative Analysis, Chulalongkorn University

- Training program - Director Certification Program
(DCP)

- Training program - Audit Committee Program
(ACP)

- Training program - Executive Development
Program (EDP)

- Training program - Leadership Development
Program (LDP)

No. of shares and % of shares holding

517,000 shares or 0.18%

Relationship

-

5 Years Experience Background

2014 - Present Independent Director

Head of Audit committee

SNC Former Public Company Limited

2014 - Present Head of Audit committee and
Independent Director

Salee Printing PCL

2014 - Present Chairman

Dark Horse Development Co., Ltd.

2014 - Present Director

Lam Water Solution Co., Ltd.

2012 - Present Equity Instrument and Securities
Issuing Companies Management
investigation

Securities and Exchange Commission (SEC)

2002 - 2014 Subcommittee

Independent Director

Srithai Superware PCL

2011 - Present Chairman

EDP Foundation

2005 - Present Director

Steeler Steel Works Co., Ltd.

2005 - Present Director

Steel Plus Fabrication Co., Ltd.

2003 - Present Director

Suan Som Chaing Dow Co., Ltd.

2001 - Present Chairman

Practicum Engineering Co., Ltd.

2000 - Present Chairman

Knight Club Capital Asset Management Co., Ltd.

1998 - Present Director

ALM (Thailand) Co., Ltd.

2011 - 2011 Chairman

TOT PCL

2011 - 2011 Director

Thailand Post Loan Co., Ltd.

2010 - 2011 Vice Chairman

Thailand Post Co., Ltd.

No. of meeting attendances in 2014 N/A

6. Mrs. Chanisa Chutipat (53 Years)

- Independent Director

- Audit committee

Date of acquiring the position: December 25th, 2014

Education

- Bachelor of Commerce and Accountancy ,
Thammasat University

- Master of Business Administration
(Accountancy), Thammasat University

- Training program - Director Certification Program
(DCP), Batch 71

- Training program - Top level management,
Capital Market Academy, Batch 1

No. of shares and % of shares holding

none

Relationship

-

5 Years Experience Background

2014 - Present Independent Director

Audit committee

SNC Former Public Company Limited

2014 - Present Managing Director

Siam Piwat Co., Ltd.

2013 - 2014 Deputy Manager

Market Operation - The Stock Exchange of
Thailand

2009 - 2012 Assistant Manager

Financial and Management - The Stock
Exchange of Thailand

No. of meeting attendances in 2014 N/A

7. Mr. Surasak Khaoroptham (50 Years)

- Director

Appointment Date : January 8, 2008

Education

- Master of Business Administration, University of
Pennsylvania (USA)

- Master of Science, Industrial Engineering,
University of Michigan (USA)

- Bachelor of Electrical Engineering, King
Mongkut's Institute of Technology Ladkrabang

- DAP Training (9th)

No. of shares and % of shares holding

none

Relationship

Representative of major shareholder

5 Years Experience Background

2008 - Present Director

SNC Former Public Company Limited

2013 - 2014 Chairman of Risk Management Committee

SNC Former Public Company Limited

2014 - Present Director

MC Group Public Company Limited.

2013 - Present Director

Private Equity (Thailand) Company Limited

2008 - Present Director

Asia Soft Corporation Public Company Limited

2006 - Present Director

Somboon Advance Technology Public Company Limited

No. of meeting attendances in 2014 5/6

8. Pol.Gen.Maj. Nopsak Poovatatanasedj (56 Years)

- Independent Director

- Nomination and Remuneration Committee

Date of acquiring the position: December 25th, 2014

Education

- Bachelor of Science, Mahidol University

- Bachelor of Medicine, Mahidol University

No. of shares and % of shares holding

none

Relationship

-

5 Years Experience Background

2014 - Present Independent Director

Nomination and Remuneration Committee

SNC Former Public Company Limited

Present Doctor (Sor Bor 6)

Police Hospital

No. of meeting attendances in 2014 N/A

9. Mr. Somboon Gurdlin (56 Years)

- Vice Chairman of Executive Committee

- Managing Director - Subsidiary

- Risk Management Committee

- CG & CSR Committee

- Director

Appointment Date : April 19, 2004

Education

-Master of Business Administration, Burapha University

- Bachelor of Political Science, Ramkhamhaeng University

- DAP Training (32nd)

No. of shares and % of shares holding

7,949 sharesequal to 0.002 %

Relationship

Executive

5 Years Experience Background

2011 - Present Vice Chairman of Executive Committee

Group of SNC Former Public Company Limited

2015 - Present Risk Management Committee

CG & CSR Committee

SNC Former Public Company Limited

2004 - Present Director

SNC Former Public Company Limited

2012 - Present Director

SNC Creativity Anthology Company Limited

2011 - Present Managing Director

Infinity Part Company Limited

2010 - Present Managing Director

Ultimate Part Company Limited

2004 - Present Managing Director

SNC Pyongsan Evolution Company Limited

No. of meeting attendances in 2014 6/6

10. Mr. Samitt Palitagram (47 Years)

- Vice Chairman of Executive Committee

- Risk Management Committee

- CG & CSR Committee

- Director

Appointment Date : April 19, 2004

Education

- Master of Economics, National Institute of Development Administration (NIDA)

- Bachelor of Industrial Engineering, Chulalongkorn University

- DAP Training (33rd)

No. of shares and % of shares holding

433,690 shares equal to 0.15 %

Relationship

Executive

5 Years Experience Background

2011 - Present Vice Chairman of Executive Committee

Nomination Committee

Group of SNC Former Public Company Limited

2015 - Present Risk Management Committee

CG & CSR Committee

SNC Former Public Company Limited

2011 - Present Director

Paradise Plastic Company Limited

2010 - Present Director

Infinity Part Company Limited

2010 - Present Director

Immortal Part Company Limited

2010 - Present Director

Ultimate Part Company Limited

2006 - Present Managing Director

SNC Cooling Supply Company Limited

2004 - 2011 Managing Director

SNC Former Public Company Limited

2004 - Present Director

SNC Pyongsan Evolution Company Limited

No. of meeting attendances in 2014 6/6

11. Mr. Fumiaki Takahashi (71 Years)

- Vice Chairman of Executive Committee

Education

- Mechanical of Nakatsu Technical Senior High School

No. of shares and % of shares holding

1,243,513 shares equal to 0.43%

Relationship

Executive

5 Years Experience Background

2014 - Present Vice Chairman of Executive Committee

Group of SNC Former Public Company Limited

2012 - 2013 Co-Managing Director

SNC Cooling Supply Company Limited

2006 - 2011 Co-Managing Director

SNC Former Public Company Limited - Head Office

2004 - 2008 Director

SNC Former Public Company Limited

No. of meeting attendances in 2014 N/A

12. Mr. Kenji Kodama (68 Years)

- Vice Chairman of Executive Committee

Appointment Date : January 1, 2014

Education

- Osaka Technical College

No. of shares and % of shares holding

1,768,511 shares equal to 0.61%

Relationship

Executive

5 Years Experience Background

2014 - Present Vice Chairman of Executive Committee
Group of SNC Former Public Company Limited

2012 - 2013 Co-Managing Director
Paradise Plastic Company Limited

2010 - 2013 Co-Managing Director
SNC Former Public Company Limited-
Branch 2

2008 - 2010 Co-Managing Director
SNC Former Public Company Limited-
Branch 4

2004 - 2008 Director
SNC Former Public Company Limited

No. of meeting attendances in 2014 N/A

13. Mr. Rattapoom Nantapatawee (42 Years)

- Managing Director Accounting and Finance
Department

Education

- Master of Private and Public Management,
National Institute of Development Administration
(NIDA)

- Bachelor of Accounting, Ramkhamhaeng University

- Certificate of Auditing, Thammasat University

No. of shares and % of shares holding

22,642 shares equal to 0.01%

Relationship

Executive

5 Years Experience Background

2015 - Present Managing Director Accounting &
Finance Department
Group of SNC Former Public Company Limited

2007 - 2014 Deputy Managing Director
Accounting & Finance Department
Group of SNC Former Public Company Limited

2004 - 2007 Accounting Manager
SNC Former Public Company Limited

1997 - 2003 Audit Manager
PricewaterhouseCoopers ABAS Limited

No. of meeting attendances in 2014 N/A

Remark

1) Relationship with the Company means relationship relating to management, professional service provider or business which are material to the Company.

2) Number of shares and percentage of shares holding was at the book closing date on August 18, 2014

Profile of the Head of Internal Audit Manager and Head of Compliance

1. Mr. Pornchai Sirikitpanichkul (37 Years)

Internal Audit Manager

Education

- Bachelor of Business Administration,
Accounting
Burapha University
- Tax Auditor
- Student Activity Budget Committee
Burapha University Student Council
- President of Student, Business Administration,
Accounting, Burapha University

5 Years Experience Background

- 2011 - Present Internal Audit Manager
SNC Former Public Company Limited
- 2005 - Present Tax Auditor Freelance
- 2009 - 2011 Special Instructor
Faculty of Business Administration, Burapha
University
- 2006 - 2011 Accounting Audit Manager
FASB Auditing and Consulting Company
Limited, Chonburi
- 1999 - 2005 Deputy Manager
Thai Account Company Limited, Chonburi

Duties and responsibilities

1. Review and assess the Company's internal control system
2. Ensure credibility of accounting information, financial statements, accounting record method and accounting standard
3. Ensure and maintain assets and benefit of the Company
4. Review the operation based on good corporate governance
5. Consult, advise or provide opinion to perform according to the operation manual

2. Miss Rattaporn Leenawatta (34 Years)

Secretary of the Company

Appointment Day : October 4, 2007

Head of Compliance Department

Education

- Master of Business Administration, Finance and
Banking Ramkhamhang University
- Bachelor of Accounting (honor), Sripatum
University
- Tax Auditor
- Company Secretary Program

5 Years Experience Background

- 2010 - Present Company Secretary and
Accounting & Finance Manager
SNC Former Public Company Limited.
- 2007 - 2010 Company Secretary and Head of
Accounting & Finance Department
SNC Former Public Company Limited.

Duties and responsibilities

1. Advise on legal and regulations which the Board of Directors has to recognize and perform accordingly and manage activities of the Board of Directors in order to enable the directors to efficiently and effectively perform their duties.
2. Monitor the Board of Directors, executives and all staff to perform according to the corporate governance policy and business ethics.
3. Oversee the disclosure of information and information memorandum as required according to the regulations and notifications of the SET and SEC.
4. Arrange shareholders' meeting and Board of Directors' meeting to be in line with laws, articles of association and other rules.

5. Prepare shareholders' meeting minutes and monitor the Company to perform according to the resolution of the shareholders' meeting.
6. Prepare and keep document such as director registration, invitation letters for Board of Directors' meetings, minute of Board of Directors' meetings, annual reports, invitation letters and minutes of the shareholders' meetings.
7. Keep and maintain report on the interest of the directors or executives.
8. Contact and communicate with general shareholders to inform the rights of shareholders and the Company's news and information.



1. Policy and Business Overview

The group of SNC Former Public Company Limited comprises of 14 companies, including SNC. There are 7 subsidiaries held directly by SNC, 2 subsidiaries held by its subsidiary, 2 associated company (has not commenced the operation) and 1 jointly controlled company. At present, the business operation of the Company's group can be classified in 4 groups as follows:

- AUTO = parts for automobile air conditioner
- PART = parts for cooling machine
- OEM = OEM for cooling machine
- OTHER = Other operations such as parts for washing machine, tools made of steel, tungsten carbide and water heater

Company	Type of business			
	AUTO	PART	OEM	OTHER
SNC Former Public Company Limited (SNC)				
1.1 Branch 2		✓		✓
1.2 Branch 4			✓	
Direct subsidiaries				
SNC Pyongsan Evolution Company Limited (SPEC)		✓		
SNC Cooling Supply Company Limited (COOL)	✓			
Immortal Part Company Limited (IMP)		✓		
Paradise Plastic Company Limited (PRD)	✓			
Toptech Diamond Tool Company Limited (TTD)				✓
SNC Creativity Anthology Company Limited (SCAN) (during machinery installation)		✓		
SNC Atlantic Heat Pump Company Limited (SHAP)				✓
SNC Fukui Holy Insulation Company Limited (SFHI)		✓		
Meisou SNC Precision Company Limited (MSPC)				✓
Indirect subsidiaries				
Ultimate Part Company Limited (UMP)		✓	✓	
Infinity Part Company Limited (IPC)	✓	✓		✓
Associates				
SNC Atlantic Water Heater Asia Company Limited (SAWHA) (has not commenced the operation)		✓		
Fuso Industries Company Limited (FUSO)		✓		
Jointly-controlled entity				

Company	Type of business			
	AUTO	PART	OEM	OTHER
SSM Automation Company Limited (SSMA)	✓	✓		✓

1.1 Vision and Mission

Vision: SNC Superstore : The center of all products and one stop services for automotive, cooling machine, electrical appliances and electronics industries.

Mission

- 1) Quality First : Consider the quality of product first
- 2) Differentiation : Create variety of products and services to response to all kinds of customers needs
- 3) Cost Effectiveness : Manufacture high quality product at the price that the customers can buy to compete with others
- 4) Quick Response : Response to the customers' need promptly
- 5) Flexible Manufacturing System : Adapt production system to be ready for the rapid change of environment
- 6) Focus on Products and Stakeholders : Focus on environmentally friendly product as well as direct and indirect stakeholders
- 7) Service Mind : Possess mind, soul and determination for service to maximize customers' satisfaction

1.2 Major change and development

On October 3, 2012, SNC Creativity Anthology Company Limited (SCAN) was established and held 100% by SNC Former Public Company Limited. Its objective is to manufacture aluminum condenser for air conditioner. Year 2013 was the preparation year for its plant and machinery. SCAN has constructed 5,000 square meters plant located at Amphur Nikom Pattana, Rayong and already installed necessary machines for production since quarter 4 of 2013. The initial production capacity is at 100,000 machines per year and will install additional machines in 2014 to increase its production capacity to 500,000 machines per year. Moreover, SCAN has constructed Development Center (D-Center) building for 1,600 square meters to develop products to meet various needs of each customer, to be test center which equipped with high technology test equipment to assist customers to develop products and build confidence for its product quality and to develop cost reduction constantly in order to build competitiveness for long term.

On 15 January 2014, the Company made an additional investment in SSM Automation Co., Ltd., a jointly-controlled entity, of 300,000 ordinary shares, with a par value of Baht 100 per share, totalling Baht 30 million. Total invested shares represent 49% ownership.

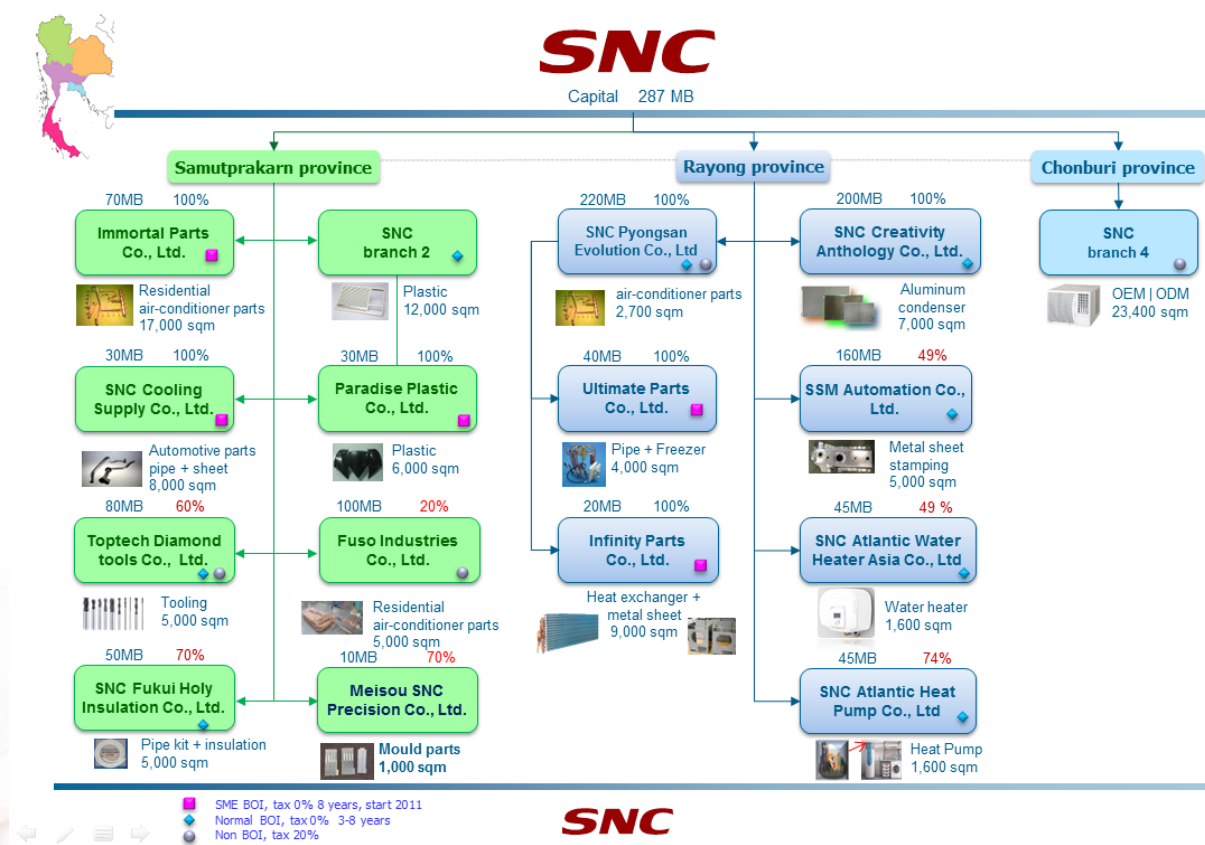
The Company made an investment in SNC Atlantic Heat Pump Co., Ltd. of 330,000 ordinary shares, with a par value of Baht 100 per share, totalling Baht 33.3 million. Total invested shares represent 74% ownership. The subsidiary was incorporated on 25 March 2014.

The Company made an investment in SNC Fukui Holy Insulation Co., Ltd. of 349,996 ordinary shares, with a par value of Baht 100 per share, totalling Baht 35 million. Total invested shares represent 70% ownership. The subsidiary was incorporated on 30 May 2014.

The Company and a subsidiary made an investment in Meisou SNC Precision Co., Ltd. of 39,999 and 29,999 ordinary shares, respectively, with a par value of Baht 100 per share, totalling Baht 4 million and 3 million, respectively. Total invested shares represent 40% direct ownership and 30% indirect ownership. The subsidiary was incorporated on 10 November 2014.

1.3 Capital Structure of the Company's group

Business and shareholding structure of the group of SNC Former Public Company Limited can be summarized in diagram as follows:



2. Nature of Business Operation

At present, the business operation of the group of the Company can be classified in 4 main product lines as follows:

- 2.1 Parts for automobile air conditioner
- 2.2 Parts for cooling machine
 - 2.2.1 Copper tube parts
 - 2.2.2 Metal fabrication parts
 - 2.2.3 Plastic parts
 - 2.2.4 Heat Exchanger
- 2.3 OEM for cooling machine
- 2.4 Other operations

In 2013, the revenues from parts of automobile air conditioner, parts for cooling machine, OEM for cooling machine and other operations were 13%, 40%, 42% and 5% of total revenues, respectively (reference to notes to the financial statements section segment information).

2.1 Parts for automobile air conditioner

1) Product Characteristics

Parts for automobile air conditioner mostly are made from aluminum tube, fabricated and assembled with metal parts and sold as a set to major air conditioner manufacturers who will deliver and distribute to automobile manufacturers further. The Company's product samples are Inlet/Outlet Pipe Assembly, Header, Suction Pipe, Flange Inlet/Outlet, Pipe and Hose Assembly, Liquid Pipe, Pipe Assembly with Flange, Discharge Pipe, Insulator Pipe Assembly and Hose-Header Assembly, Compressor Part and additional products are parts of Plastic and Sheet Metal Fabrication. Product lines of the automobile business can be classified as follows:

1. Machine Part



Machine part is product which fabricated from aluminum, Extrusion, Dai – Casting, stainless steel pipe, metal, brass to be components of automobile air conditioning system, diesel pump, compressor and automobile parts, etc. Machine part will be manufactured for internal assembly and be delivered to customer groups such as Valeo, Denso, Halla, Showa, Calsonic, etc

Product	Customer	Car
Connector	Valeo	Mitsubishi
	Denso	Toyota
	Keihin	Honda
	Calsonic	Nissan, Isuzu
Yoke	SNSS	Isuzu, GM

2. Aluminum Pipes



Aluminum pipes are products that assembled aluminum pipe with aluminum connector to be components of automobile air conditioning system and be delivered to customers such as Valeo, Denso, Halla, Calsonic, Keihin.

Product	Customer	Car
Pipe Liquid	Valeo	Mitsubishi
Pipe Suction	Denso	Toyota
Pipe Discharge	Halla	GM, Ford
Pipe Inlet	Calsonic	Isuzu
Pipe Outlet		
Pipe Ass'y	Keihin	Honda

3. Steel Pipes



Steel pipes are products that assembled steel pipe with steel bracket and hardened with MF-Zn+3 and EDP to be components of cooling system. The main customer groups are Denso, Calsonic, Halla.

Product	Customer	Car
Water Pipe	Denso	Toyota
	Calsonic	Isuzu
	Halla	Ford

4. Hose Assembly



Hose assembly is product that assembled aluminum pipe with hose to be used in automobile air conditioning system. The Company manufactures the product for Valeo group to be used for Mitsubishi Triton and Pajero Sport for both domestic and export sales.

Product	Customer	Car
Hose Discharge	Valeo	Mitsubishi, Nissan
Hose Suction		
Hose Liquid		

5. Plastic



Products of plastic group for automobile air conditioner system is parts of Shroud Fan which the Company started the production with Denso group .

Product	Customer	Car
Shroud Fan	Denso	Toyota
Frame	Honda	Honda

6. Stamping & Forging

- Metal Stamping is component of Pipe Water and Bracket in automobile air conditioner system which the Company has expanded its products to other parts (vipet) such as Viper set.

Pipe Water and Bracket



Viper



Product	Customer	Car
Viper	Denso	Toyota
Bracket	Denso	Toyota

- Aluminum Stamping is expandable product of Stamping Process from Metal to Aluminum by using as components of Evaporator and Condenser of Automobile Air Conditioner system.

Side Plate EVA



Side Plate Ass'y



Product	Customer	Car
Side Plate EVA	Keihin	Honda / Mitsubishi
Side Plate Ass'y	Keihin	Honda

- Aluminum Forging, the production of Aluminum Forging will start in 2014 targeting to produce parts for automobile air conditioner system such as Header End, Flange

Header End



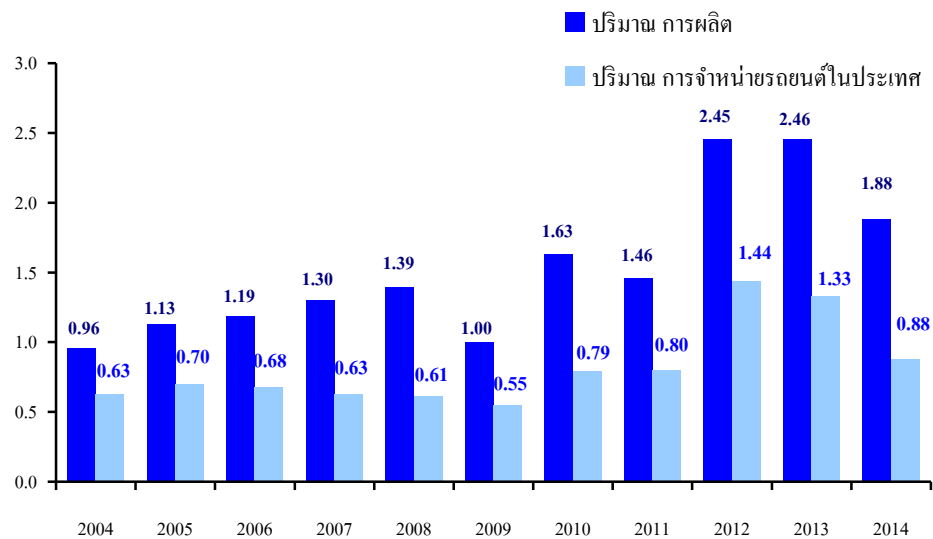
Flange



Automobile Air Conditioner Parts			
Customer	Automobile Manufacturer	Model	Parts
Valeo Group	Nissan	Navara, Teana, Sunny	Automobile Air Conditioner Parts
	Mitsubishi	Lancer, Triton, Pajero Sport	Automobile Air Conditioner Parts
Calsonic	Isuzu	D-Max	Intercooler Parts, Compressor Parts
	Ford	Ranger	Intercooler Parts
	Isuzu	New D-Max	Automobile Air Conditioner Parts
	Mitsubishi	New Triton	Automobile Air Conditioner Parts
Keihin	Honda, Mitsubishi	Civic, Accord, CRV, New Triton	Automobile Air Conditioner Parts
Keihin USA	Mitsubishi		
Keihin China			
Denso Thailand	Toyota	Vigo, Camry, Yaris	Automobile Air Conditioner Parts and Radiator Parts
Delphi	Isuzu	D-Max	Diesel Pump Parts
Siam NSK	Isuzu	New D-Max	Steering System Parts
	GM	New Colorado	
Halla Climate	Ford	New Ranger, Focus, Fiesta	Automobile Air Conditioner Parts
Visteon India	Mazda	New BT50, Mazda 2, 3	Automobile Air Conditioner Parts
	GM	Optra	Automobile Air Conditioner Parts
Sanden	Ford (Export)	KA	Automobile Air Conditioner Parts
Subros	Tata	Xenon, CNC	Automobile Air Conditioner Parts

2) Marketing and competition

Domestic automobile production volumes during 2004-2014



Source: Thailand Automobile Institute, Automotive Industry Club, the Federation of Thai Industries

A. Product Marketing

The Company's first priority is to focus on the product quality and customer satisfaction; therefore, it has consistently developed marketing strategies which are:

Strategy for customers

1. Quality First : consider the quality of product first
2. Differentiation: create variety of products and services to response to all kinds of products needs
3. Cost Effectiveness : manufacture high quality product at the competitive price for its customers
4. Quick Response : response to the customers' needs promptly
5. Flexible Manufacturing system: adapt production system to be ready for the rapid change of the environment
6. Focus on Products and Stakeholders : focus on environmentally friendly product as well as direct and indirect stakeholders
7. Service Mind : possess mind, soul and determination for service to maximize customers' satisfaction

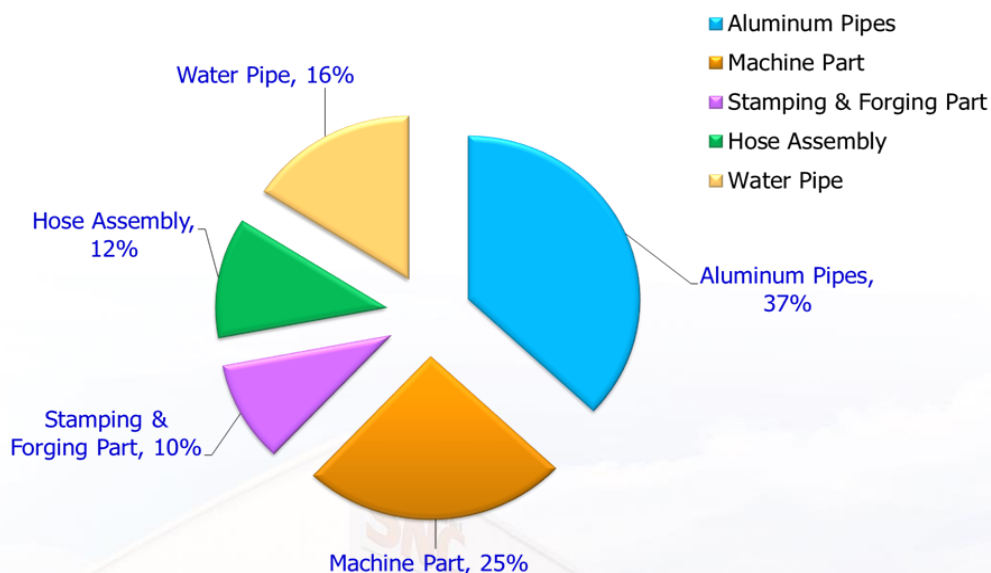
8. Building Confidence : with production management system for both quality and capacity enable the Company to support customers' orders

Strategy for building motivation within organization

1. Create motivation by focusing on return in order to motivate good track record and good performance employee by using evaluation daily result to evaluate the return to the employee.
2. Create motivation to middle management (MINI MD) by providing return based on the performance and evaluation based on KPI of the organization for Operator and Supervisor staff.
3. Improve organization development via 5S activities and Zero Claim in order to create awareness to staff for 5S, Safety and constant quality improvement by focusing to create competition in 5S, Safety concern and quality in organization.

In 2014, the Company will focus on development and building human resources which are the fundamental of industrial factory in order to be ready for AEC next year. The Company will develop skill of existing staff and recruit staff at High Vocational Certificate level in order to increase expertise of high skill staff. The objective is to level up quality and working to equal to First Tier and be able to compete with both local and foreign players.

B. Distribution Portion



In 2014, sales revenues of this group decreased at 24% from 2013. In 2015, the Company expects its sales revenues to be close to revenues of 2014, grows at 5-10% which is the affect of the slowing down of domestic sales due to the expiring of first car campaign as well as economic regression. With regard to the

business plan for next 3-5 years, the Company still has policy to grow in automobile industry for both existing business and new products. However, the negative impacts for local automobile industry are as follows:

Firstly The stability of government including the political disagreement which investors in all sectors considered that the change of government might change the policy which affect the confidence of automobile manufacturers to make decision to increase its production in Thailand or relocate to other countries. .

Secondly The clear of energy policy. Such clear policy will affect directly to automobile industry as follows:

1. Affect to product development. The energy development in future has to be clear in order to set the guideline for automobile development in accordance with energy plan in future.
2. The change of energy price controlling policy. The sample is NGV, in case the energy cost of NGV and fuel oil has no difference, the trend for automobile using NGV will decrease if the cost is the same.

Thirdly Competitors from other countries. The high growth of domestic automobile industry in Thailand in 2012 caused local competitors to increase their production capacity and brought more foreign competitors into the market. Since the production volume decreased in 2013, the competition was fierce for both cost and price as if it is the perfect buyer's market.

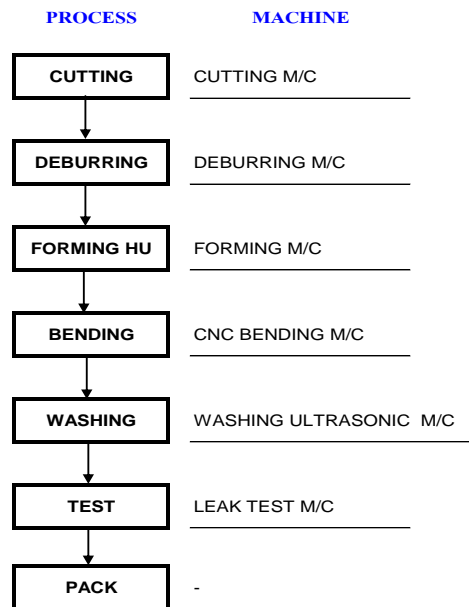
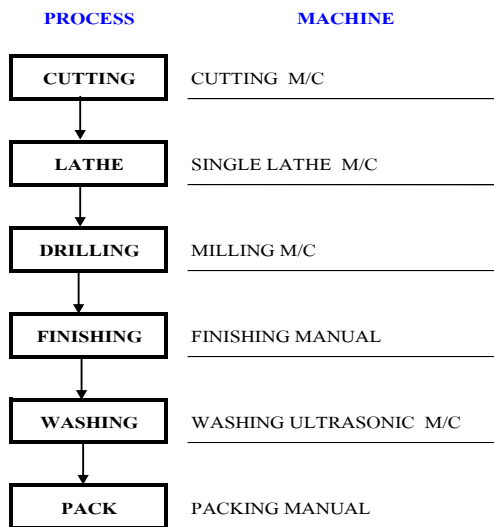
Fourthly The challenge of Asean Free Trade Agreement (AFTA). Such challenge is both an opportunity and threat to Thailand as most of automobile manufacturers have various plants in Asian region and will choose to manufacture at the lowest production cost country and reduce or cancel their production at the higher cost countries. Thailand is expected to have advantages for the free trade of automobile products; however, such advantages are not much as anticipated. Due to the establishment of regulations or taxation which will be barrier for automobile industry, the automobile manufacturers have tendency to move production base to other countries. At present, automobile manufacturers still face problems with regulations that not support for investment to operate business in Thailand.

Fifthly Skilled staff is insufficient in labor market caused the competition of high wages. The insufficient skilled staff has tendency to continue.

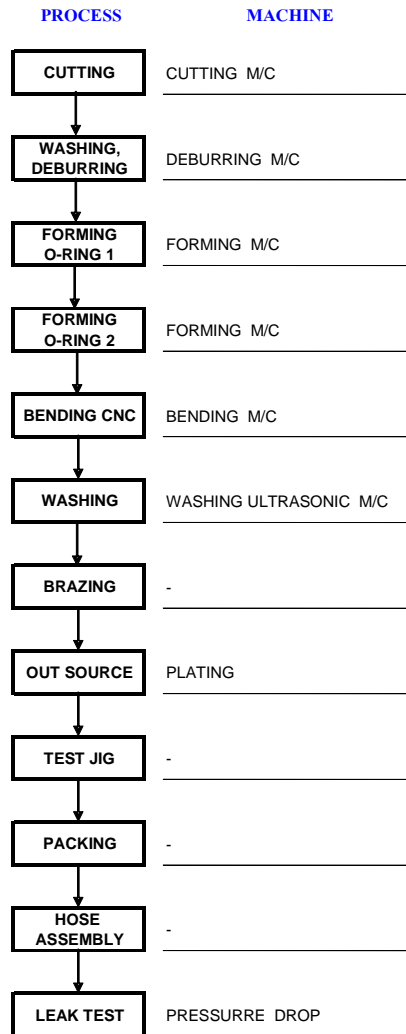
3) **Product Procurement**

- **Machine Part**

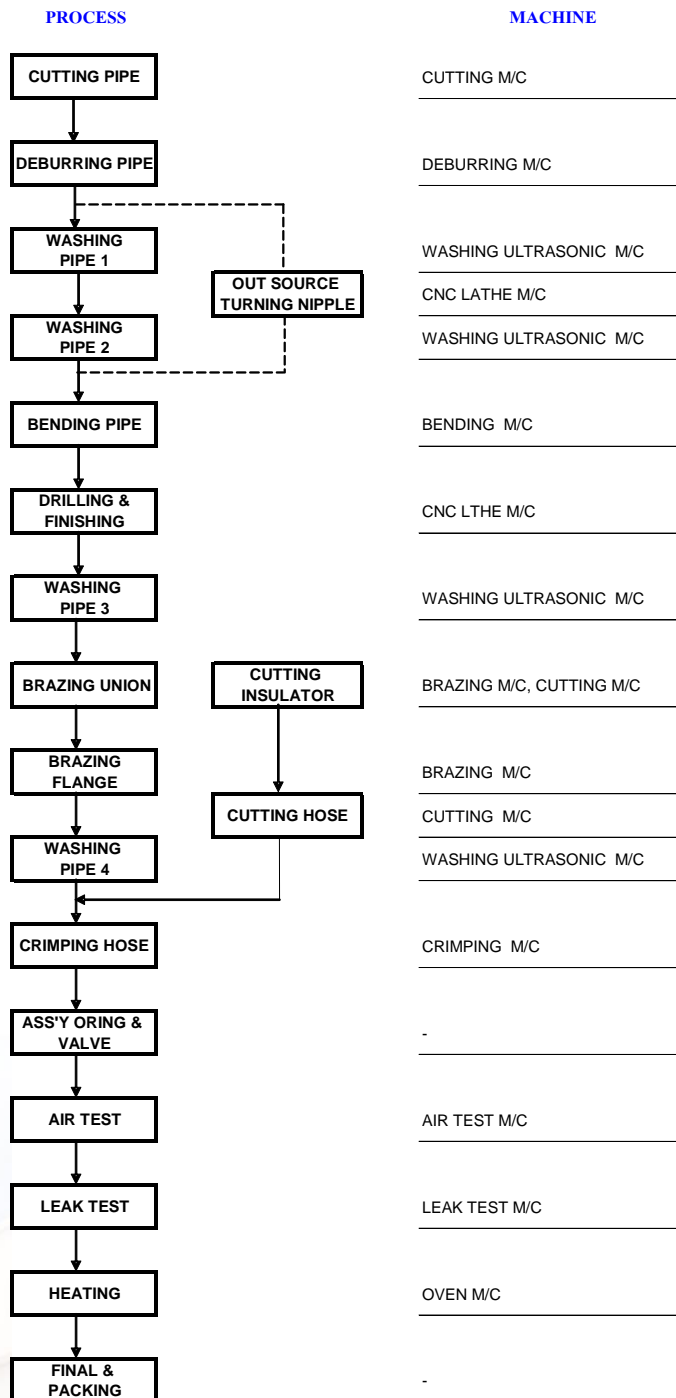
- **Aluminum Pipes**










- Steel Pipe



-Hose Assembly



Production Capacity in 2015

	Production Line	Capacity per Month (pieces)
	Aluminum Pipes	800,000
	Hose	65,000
	Steel Pipes	250,000
	Machine Parts	1,200,000
	Inter Cooler Tube	70,000
	Plastic	15,000
	Forging &Stamping	2,000,000

Note :

1. Production Capacity is estimated based on 8 hours / shift : 2 Shift / day : 25 days / month
2. Current capacity used 60-65%

2.2 Parts for cooling machine








2.2.1 Copper Pipe Parts

At present, parts for cooling machine are made from copper. There is no other material which able to replace copper for 100%. Therefore, parts for cooling machine still use copper as major component.

1) Product Characteristic

Air conditioner parts made of copper pipe that the Company manufactures are

1) Inlet pipe ,Outlet pipe ,Header pipe for connecting Condenser	2) Suction pipe , Discharge pipe for connecting Compressor and Condenser together
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<p>3) Accumulator using as pressure receiver tube</p> 	<p>4) Strainer using for filter out dust in the system to protect the obstruction in the system</p> 
<p>5) U-Bend for connecting Condenser</p> 	<p>6) Capillary Tube Ass'y. Using as pressure reducing pipe in the system</p> 
<p>7) Pipe Connector (Pipe Kit) using for installation to connect Indoor and Outdoor systems</p> 	

Besides, the Company also manufactures copper parts to assemble to be compressor such as Suction Pipe, Muffler Pipes, Oil Pipe, Discharge Pipe



At present, the Company has developed copper parts to reduce raw material cost with customer by using copper plated steel or aluminum welded with copper to produce compressor parts such as Inlet Tube, Dis Joint Pipe, Inlet Pipe Ass'y , etc.



Copper plated steel



Aluminum welded with copper

Besides, the Company is developing copper plating process to be able to plate at required specific position (area) in order to reduce cutting process which is a costly and time consuming process. The outcome of the development will enable the Company to reduce its production cost.

2) Marketing and Competition

Customer group of air conditioner parts consist of

- 1) Customer group from Japan such as Daikin, Mitsubishi, Fujitsu, Sharp, Panasonic, MACO, MACOT
- 2) Customer group from Korea such as LG, Samsung
- 3) Customer group from China such as Haier
- 4) Customer group which is the export such as Japan, Middle East, Europe and U.S.A.

The Company's distribution channels include manufacturing parts and direct delivery to air conditioner manufacturer and the customer will assemble with its parts, manufacturing and assembly in OEM production line and then deliver to customer as well as direct export to foreign countries.

Customer group of compressor parts mostly are customers who manufacture compressors and deliver to assembly factory of air conditioner and cooling machine which are distributed to both domestic and overseas. Almost compressor manufacturers in Thailand are the Company's customers which are Siam

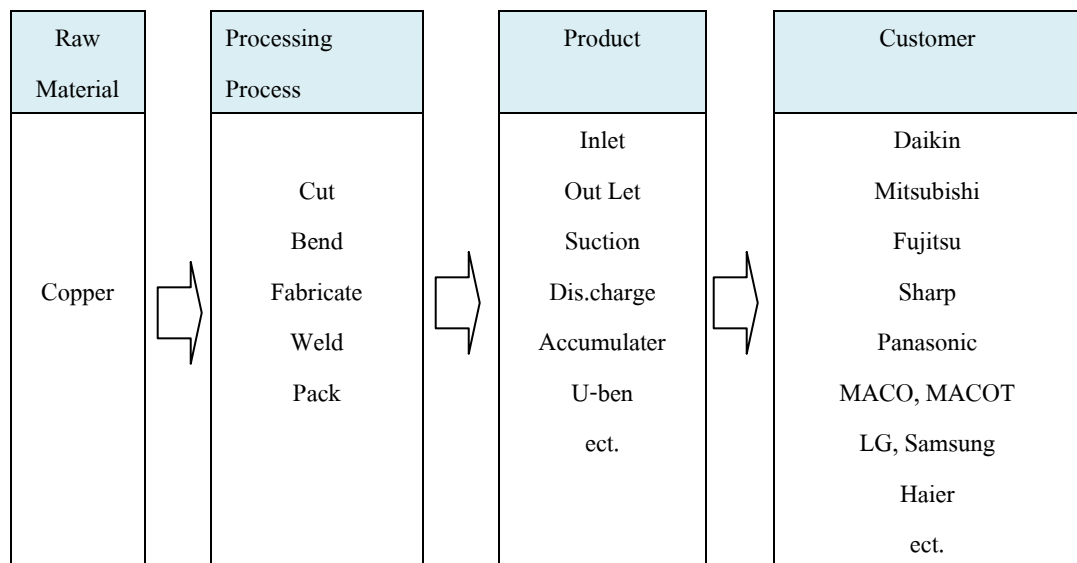
Compressor, Hitachi Compressor, Kulthorn Kirby, Emerson, TCFG, Kulthorn Premier, Daikin, LG. Besides, the Company has prepared additional production for export market.

Expansion and growth rates of air conditioner parts are in accordance with the growth of customers and economic. In 2013, the Company invested more in plants, machinery and improved new production line by separating to be SMEs to be granted tax privileges as well as properly relocated production base in order to be able to support the growth toward AEC in 2015. The compressor industry grows in line with cooling machine industry for air conditioner, refrigerator and freezer.

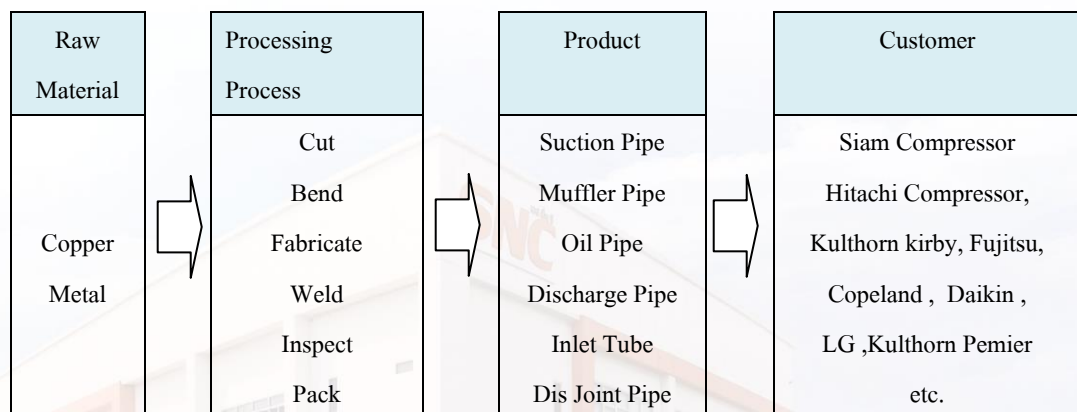
3) Product Procurement

A Production Process

- Air Conditioner Parts



- Compressor parts



The Company purchases copper directly from both domestic and export and the copper will be delivered to the plant and pass the production process of each part according to the ISO quality standard in order to manufacture product in accordance with the customers' requirement before deliver to customer (according to production diagram)

At present, the Company's plants that manufacture parts are at Samutprakarn and Rayong, therefore, the capacity is more than million pieces per year. All plants can manufacture all parts and replace each other as well as can increase production capacity by adjusting working hours according to the customer's requirement.

B Raw Material

Most of the raw materials are under standard as required by customer and all suppliers pass the standard certification of customer. The lead time is around 2 weeks after receiving purchase order. The Company purchases copper from both domestic and overseas (China) and has to consistent with condition as agreed with the customer in order to obtain the good quality of raw material with proper cost. The purchase price is the price as determined with the customer.

C Machinery and production equipment

Main machinery for production line are CNC Cutting Machine, Punching Machine, CNC Bending Machine, CNC Fabrication Machine, Automatic Welding Machine, Welding Table which the Company has plan to exploit automatic system more in the future.

The machinery of each process is modern machines form cut, bend, fabricate and weld process which the Company bought directly from the manufacturer and distributor in Thailand in order to protect the maintenance problem. There are some machines that the Company built itself and also has maintenance system to protect the broken down during production. Machines used in SNC group are machines from same manufacturer and can be replaced among each other; therefore, the Company has flexibility in production. For other production equipment such as Jix Fixture mold, the Company has unit to manufacture production equipment to support each other of each plant.

2.2.2 Metal Fabrication

1) Product Characteristics

At present, parts to be assembled to be the product using various raw materials such as metal, plastic, wood or other materials in order to make the product durable, nice-looking with high quality, suitably for use and low production cost. However, metal parts still play the major material of the product as the price is not too high, and its durability as well as the various technologies can fabricate metal in any required forms.

The Company manufactures metal fabrication parts and the plants that can manufacture are plants at Samutprakarm and Rayong. The Company's major customers of metal fabrication for air conditioner are Daikin, Mitsubishi, LG, Siam Compressor, Other.

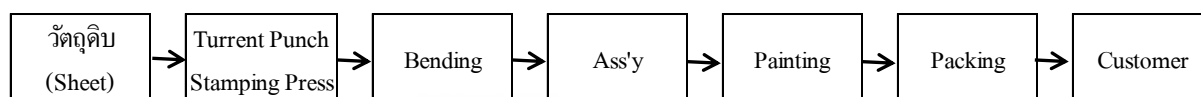


2) Marketing and Competition

Due to its high standard of quality, delivery and good service, the Company has been trusted by both existing customers and new customers by providing more production order. The Company views that its competitor is its customer. Therefore, the Company has to produce better, cheaper and faster than the customer can do. Since the Company is SNC Super Store which provides total solution production and has MINI MD system to serve customers, it is able to decrease the customer's purchase burden. Therefore, the Company has constantly grown with its customers.

3) Product Procurement

A Production Process



Raw materials in form of bar, pipe and sheet will be passed the production process by using various machine such as cutting machine, plating machine, bending machine and stamping machine which are all modern machinery. After such process, the parts will be assembled or painted and deliver to customer for assembly before sending to consumer.

B Raw Material

Raw material, which the Company uses for production in form of bar, pipe or sheet, will be according to the customers' requirement for quality, price and source. Almost raw materials are standard using in general industry. With regard to the sources, the Company imports from Japan, China and Korea as

determined by customers. Regarding to the price, the Company will determine with the customer in order to protect the risk from raw material price fluctuation

C Machinery

Since the Company has policy to be Super Store, the Company has standard and modern machines together with efficient production technique. All the machines including plating machine, cutting machine and stamping machine are controlled by CNC system. Machines of each production line are also replaceable, therefore, the Company can manufacture high quality product with low cost. Besides, the Company also prepares spare part and has annual maintenance plan in order to protect the breakdown of machines and be able to lengthen the using time to serve the customers' need.



2.2.3 Plastic Parts

1) Product Characteristics

The characteristic of the product is plastic part manufactured by Injection Molding system for electric appliance assembly such as refrigerator, electrical fan, air conditioner, etc.

2) Marketing and Competition

The main customers are leading manufacturers of electric appliance in the market such as Sharp, Mitsubishi, Toshiba, and Daikin. Although this industry has fierce competition but the Company obtains purchase orders for new products from electric appliance group constantly. Because the Company can maintain the quality of product, cost and on-time delivery (QCD : Quality Cost Delivery). Besides, the Company has invested in software to improve its quality and analyze the problem of mold using in production process which can help its customers for the participation in product development and reducing the production cost of customers.

The Company has policy to satisfy its customer by using SNC ONE STOP SERVICE, therefore, the plastic parts manufacturing is one of the component to support such policy by building satisfaction,

simplicity and time saving of the customer when dealing with SNC for parts which the customer can get metal parts and plastic parts in the same period.

3) **Product Procurement**

A **Raw Material**

Raw materials are various kinds of plastic such as ABS, PP, PSGP, PSPI, PE, AS, PA. Customers will determine type and grade of the raw material in order to maintain the quality and price. Almost all raw materials are produced by local, some types have to import from overseas as they are special raw materials. The price of raw material will fluctuate according to the market price. The customers will contact with supplier for the price and volumes per quarter and if there is any change, they will inform in advance in order to adjust the product price in relation to the raw material price. Therefore, the Company has no risk burden with regard to the raw material price.

B **Machinery**

Machines for plastic manufacturing are imported machines with high technology, rapid operation and energy saving. Therefore, the Company is confident on the machinery efficiency as well as the maintenance management to make the machines operate smoothly and effectively. Besides, the previous year, the Company invested in its machinery to increase production capacity and support customer requirement which has tendency to increase.

2.2.4 **Heat Exchanger**

2.2.4.1 **Heat Exchanger made from copper**

1) **Product Characteristics**

Cooling machine in residential or building in general has major component for heat exchanger known as “Coil”(Heat Exchanger) which are evaporator coil and condenser coil and be the components to exchange heat and coldness within air conditioner. General coil structure comprises of 3 main components which are:

- A) Aluminum Fin to be plate fin for heat exchanging between outside air and fluid in copper tube
- B) Hairpin to be fluid flow path to build mechanism for heat exchanging with outside air
- C) Side Plate to attach aluminum plate with copper tube and be the connector to hold coil with other structure in air conditioner

The Company manufactures 3 main components and assemblies to be evaporator coil and condenser coil for air conditioner production further.

2) Marketing and Competition

Since the Company's customers partly manufacture this products themselves and partly buy directly from coil manufacturer. Therefore, the Company has to compete with other coil manufacturers and its customers. However, the Company still has competitive advantage for cheaper cost than competitor. The coil manufacturing is complicated task; therefore, the transportation cost is quite high. The Company focuses this business only for manufacturing parts for air conditioner assembly. More than 90% of its production is Window Type Air-Conditioner OEM production for Fujitsu General. The remaining production is for air conditioner production that the Company assembles and distributes directly to foreign customers (ODM group) and distributes as heat exchangers to local air conditioner manufacturers.

Almost heat exchangers that manufactured by the Company are for its own air conditioner assembly. Therefore, the competition will be among its customers. If the Company is able to control the cost lower than its customers, the customers will trust the Company to manufacture for them further. The Company also has activities and plan to consistently control and improves the production effectiveness in order to maintain its competitiveness.

3) Product Procurement

A Production Process and Capacity

1. Aluminum Bare Fin, Blue Fin or other colors as required by customers. Aluminum will be fabricated with Fin Press according to the customers' pattern
2. Copper Tube. Soft copper tube will be passes through shearing process using Hairpin Bender for specific length. Aluminum fabricated by Fin Press will be inserted with Hairpin Tube sheared with Hairpin Bender. Coil size will be determined at the insert coil table with Insert Hairpin process. The coils will be passed the Expander Machine to compress such coils for the size required. After that, the coils will be passed through Dry Oven to eliminate oil slick from previous process with 160 °C for 5 minutes. Then the coils will be assembled by welding U-pipe and Header with automatic Brazing or Manual Brazing. All coil production processes from the beginning to final process have to be passed the standard quality control process and the products have to be manufactured based on customers' specifications.

Diameter of copper tube	Capacity per month (pieces)
7.00 mm	20,000
7.94 mm	40,000
9.53 mm	60,000
Total	120,000

B Raw Material Procurement

Raw materials used in the production are standard products under the supplier's condition and comply with supplier's international standard conditions. The lead time for production is 1-2 weeks for copper tube and 4-5 weeks for aluminum depends on the difficulty of raw material production. The Company purchases copper tube from major copper tube manufacturers in Thailand while the Company imports aluminum from China. The Company determines and informs the delivery time and amount required to supplier in order to obtain on-time delivery. From past until now, raw material price has been fluctuated and rapidly changed. Besides, the customers' business plans always adjust to fit with environment. The Company has dealt with its customers and suppliers for its purchase and selling system such as the selling price to its customers will be the average price of copper for the last 2 months for current transaction, the purchase price from its suppliers will be the average price of copper for the last 2 months as well in order to mitigate the risk from raw material price

C Environmental impact

Most raw materials to be assembled to be heat exchanger are metal, copper and aluminum. The waste from production process will be sold to waste buyer and be back to raw material manufacturer for recycling. Therefore, the environmental impact is minimal. Meanwhile, the plant at Laem Chabang which located in Industrial Estate has to monitor waste water and gas emission from the plant and report to Industrial Estate every month which the Company is able to control all environmental levels.

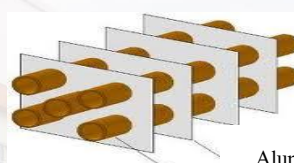
2.2.4.2 Heat Exchanger made from aluminum

1) Product Characteristics

Residential air conditioner industry is a major market of Thailand and SNC Former Public Company Limited manufacturers and distributes various parts of residential air conditioner. One of the major components of air conditioner is heat exchange which a set of air conditioner comprises 2 heat exchangers, evaporator and condenser.

At present, condenser used in residential air conditioner mainly is Aluminum Fin-Copper Tube Type, F&T Type) (see the picture below) while Aluminum Condenser which used extensively in automobile air conditioner system has not been widely used in residential air conditioner.

Current Condenser (Fin & Tube)



Aluminum Fin

Copper Tube

Aluminum Condenser



Aluminum Tube

Due to the fluctuation of global copper price during past 5-6 years together with the demand of efficient air conditioner for high energy saving enable residential air conditioner manufacturers tend to develop their products by using more Aluminum Condenser instead of F&T Condenser.

SNC Former Public Company Limited anticipated such market tendency, therefore, it has established SNC Creativity Anthology Company Limited (SCAN) at Rayong to manufacture and distribute Aluminum Condenser by using technology from Keihin Thermal Corporation from Japan which Keihin is a manufacturer of air conditioner parts and system for leading automobile manufacturers. Its major customer is Honda.

The outstanding characteristic of Aluminum Condenser comparing to F&T Condenser is using aluminum as major component. Aluminum is lighter and cheaper than copper and the price fluctuation is less than copper price. Besides, the design of fluid flow path is different which Aluminum Condenser has more surface touching cooling fluid. Therefore, heat exchanging is more efficient. To replace F&T Condenser with Aluminum Condenser in residential air conditioner will improve system for energy efficiency and using less fluid. The total weight will be less. Such difference will be noticeable for large air conditioner (from 12,000 BTU/ hour)

However, the obstacle of not widely using Aluminum Condenser in residential air conditioner is corrosion and leak of aluminum after using for a while. Each manufacturer has its own technology for material using, design and production. Since SCAN anticipated this obstacle, it employs technology from Keihin from Japan. Keihin has knowledge and experience for more than 30 years in manufacturing this product for Honda and others. Besides, SCAN has established Development Center in the organization. The initial investment for building, machinery and equipment is more than 80 million baht to support product design of each customer's requirement, build confidence of the product and constantly improve production cost in order to be able to compete with other players.

2) Marketing and Competition

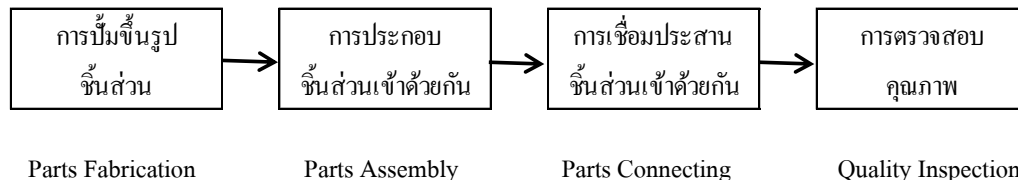
Regarding its marketing, SCAN's target customers are leading residential air conditioner manufacturers in Thailand especially manufacturers from Japan. In 2013, SCAN has started its marketing activities during building and plant construction as well as machinery installation by meeting and discussing with a couple major customers which obtained good response from them.

With regard to the competition, at present there are 4-5 Aluminum Condenser manufacturers for residential air conditioner in Thailand, mostly are manufacturers from Korea and Japan. This kind of product is quite new. The customers who are air conditioner manufacturers still not widely use but all manufacturers are under product development by using Aluminum Condenser. Therefore, in the next 1-2 years, Aluminum Condenser market for air conditioner has potential to grow greatly.

3) Product Procurement

Year 2013 was the preparation year of SCAN. SCAN constructed 5,000 square meters plant and already installed necessary machinery for production during quarter 4, 2013. The initial production capacity is at 100,000 machines per year and with additional machinery in 2014, the production capacity will increase to 500,000 machines per year.

SCAN's Production process of Aluminum Condenser will be as follows:



All parts will be mostly made from aluminum except in-out fluid line which will be made from copper. All materials will be bought mainly from domestic suppliers.

4.3 Original Equipment Manufacturer for cooling machine (OEM and ODM)

1) Product characteristics

The product of this business comprises of various characteristics depending on each customer's requirement. The main products are Window Type air conditioner, Wall Type air conditioner, Ducted Type air conditioner as well as big set of air conditioner ranging 100,000 – 300,000 BTU per hour. The Company also cooperates with customer to develop which is not air conditioner such as Heat Pump Water Heater. The Company's strength is be able to respond to its customer as they require since the Company is able to improve, adapt or design new product to fit with each customer requirement.

2) Marketing and Competition

Since the Company has no policy to launch its product under its brand, its aim is to be OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer). The Company will develop its product to fit with each customer requirement. At present, the Company contacts with various foreign customers such as United Arab Emirates, Australia, United States of America, Japan, etc.

Target Customer

1. OEM Group, customers under this group comprise of
 - Fujitsu General (Thailand) Company Limited: products manufactured by the Company are Window Type air conditioner ranging from 8,000 – 27,000 BTU per hour
 - Sharp Appliance (Thailand) Company Limited: products manufactured by the Company are Condensing Unit for Wall Type air conditioner ranging from 5,000 – 9,000 BTU per hour
2. ODM Group, the Customers under this group comprise of
 - Well known air condition manufacturers and distributors. At present, the Company has developed the products with these target customers which are MITSUBISHI ELECTRIC, Goodman (USA), TRANE (Canada), etc.
 - Designer, distributor and installer of the air condition system for various projects in overseas. This group of customer has various projects under its responsibility and requires specific air condition system for each project. The major customer of this group is Westair Industries Inc. , Sakura Air Conditioner.
 - Products which are not air conditioner. This year the Company had developed product Air-to-Water Heat Pump with Atlantic from France, and is developing product in this group with various customers.

Revenues of 2 customers of OEM group are more than 90% of OEM air conditioner; the Company sells products directly to customer located locally. For ODM customers who mainly located in foreign countries such as United Arab Emirates, Australia, France, USA and Japan, etc., the Company exports directly to customers.

Competition Situation

In Thailand, there are only a few large and high potential OEMs of air conditioner similar to the Company. Most of OEMs are small plants with low capacity. Therefore, the Company's real local competitors are its own customers. As a result, the Company has to manufacture the products at the lower cost with high quality and more effectiveness to motivate its customers for their confirmation for the Company to be its air condition manufacturer center.

The competitors outside country are players from china because of the lower labor and material costs. However, according to consumer view, the air condition from China still has image of low cost with low quality product comparing to air condition from Thailand which has better image. Beside, the labor

welfare law of China which is stricter to the employers, the minimum wage in China which has been increased as well as tariff concern which air conditioner from China has to face when import to other countries enable the competitive advantages of Chinese players decrease especially the countries that entered into Free Trade Agreement with Thailand.

With regard to SNC, though there are several competitors from China and its size is smaller, the Company has experience and expertise in air condition parts industry for more than 30 years; its staffs are knowledgeable in design and development of air condition which be able to response to each customer requirement. Moreover, the image of Thai air condition enables the Company to be able to compete with other foreign players. Although, the world's well known manufacturer from Japan, Korea or United States of America have better technology than the Company, their production costs are higher as well.

Competition condition

There is no competition with other OEM manufacturers since almost all local OEM manufacturers have no sufficient capacity to support the customer. Besides, the Company has its own air conditioner parts manufacturing, it can control production factors which are quality, price and delivery time. Therefore, the Company has substantial competitive advantages above local OEM manufactures.

There are a few local entrepreneurs who engage in ODM of air conditioner for the export market such as Unifex Company Limited, Bitwise Company Limited, etc. Most of the players are Thai companies while the well-known foreign air condition manufacturers (such as Mitsubishi, Daikin, LG, etc.) are not focus on this market.

The Company has several competitors, mostly are located in various cities in China. Their strategies are mainly focus on low price. The Company will not compete on price but will focus on responding to each customer.

Besides, the Company has tried to expand the business of ODM by focusing on product development to add value to product the Company manufactured and assist the customer to have more choices.

3) Product Procurement

At present, the Company has one plant for manufacturing air condition for export market which is at Laem Chabang Industrial Estate. Most of its raw materials are purchased from local suppliers which can be categorized as follows:

- | | |
|------------------|--|
| - Compressor | purchase from local suppliers such as Copeland and Siam compressor , part of compressors may directly import such as SANYO |
| - MOTOR | mainly purchase from local suppliers |
| - Heat Exchanger | manufacture from its internal production process |

- Metal Parts manufacture from its internal production process
- Plastic Parts both purchase from local suppliers and manufacture from its group of company, the portion of purchase from local supplier is 80% of total value.

Besides, the Company also engages in assembly cooling machine for food industry such as Freezer which the Company's customers of this group are BIG, Air products.



2.4 Other Operations

2.4.1 Manufacture industrial tools

On May 30, 2012, the Company obtained controlling power in Toptech Diamond Tool Company Limited which is a service provider for tools manufacturing made of steel, tungsten carbide. The acquisition of 60% of Toptech Diamond Tool Company Limited enabled the Company to synergize management, expand to new business, increase chance to generate revenues, lessen time and process in building new organization and new working team, reduce production cost by using existing resources, increase bargaining power and diversify risk from depending on single business by compensating revenues from each business.

1) Product Characteristics

The products are industrial tools which are cutting tools using for lathe, milling, punching, polishing and cutting parts by focusing on special tools which made of steel, tungsten carbide with diamond or PCD (Polycrystalline Diamond) which possess special strength for milling, eroding, punching and longer useful life. Therefore, these tools are able to increase more production efficiency than other standard tools. At present, these tools are used in automobile parts manufacturing industry, electronic parts industry,

synthetic wood industry, furniture industry, printing industry including upstream industry such as steel melting, steel fabrication, etc. which the Company manufactures according to customers' requirements.

2) Marketing and Competition

Regarding tools which comprised of steel tungsten carbide (Cutting tools) especially standard size tools for general use, at present more than 70% of tools in Thailand have to be imported from Japan, Korea, Taiwan and China. Therefore, this industry still has potential to grow since:

- (1) The total market share comparing to imported portion still have potential to grow as well as capability to compete for cost, quality and faster delivery
- (2) Even the automobile industry in previous year was affected from the slowing down economic, but the automobile export still growing therefore, using such special tools still in demand
- (3) In Cutting tools group still be able to classify into various segments such as tools for lathe, cut, drill, punch or Mold Die & Punch Dies which the Company is preparing to expand its business to cover further.

3) Product Procurement

A Raw Material

Major raw material for production is high quality steel Carbide, PCD (Polycrystalline Diamonds, CBN (Cubic Boron Nitride) which customers will determine type of material for each job and will submit design to the Company. The production plan department will determine grade of raw material that appropriate for customer using by considering the effectiveness. At present, most of raw material has to import.

B Machinery

Machinery using to produce cutting tools has to be machines with highest resolution. The machines have to be at the best standard, therefore, all machines have to be imported. Besides, TPM (Total Preventive Maintenance) system has to be carefully taken. Therefore, the machines can be used at their maximum efficiency. Moreover, the Company has to consider good environment as the Company was granted ISO 14001 from Moody in December 2013.

C Human Resources Management

It is the Company's main policy since its product need high skilled production. Therefore, staff is major factor to drive the organization. The Company has set concept for business management as follows:

- To continue MINI MD project in order to establish empirical result. At present, there are 4 business groups classified by product for freely management with efficiency.

- To initiate in building cutting tools technician by cooperation with Occupation Education Institution by arranging the first Dual Vocational Course in Thailand and expect to be able to train technician with specific skill to support the real demand of this tooling industry

2.4.2 Manufacture Washing Machine Parts

1) Product Characteristics

The Company manufactures parts for both metal and plastic parts for a large washing machine assembler; parts include internal and external parts for assembly the washing machine.

2) Marketing and Competition

Metal parts for washing machine which the Company produced is for main customer, Electrolux, which manufacture for export and the customer wants to relocate its production base to Thailand. Such parts have to use large machine with high quality and accuracy such as Turret Punch, CNC Bending Machine, etc. The Company is ready for such production so it is good opportunity for the Company.

With regard to plastic parts, the main customers are Sharp and Toshiba for both domestic and export sales. Parts which the Company produced are large parts to be structured for both internal and external of the machine which required large machine. The Company is ready for such production and the location is very closed to customer which will not be its burden for delivery.

Main customers for washing machine are leaders in the market and have production potential with strong competition which will be another way to increase the Company's production.

3) Product Procurement

The Company manufactures metal fabrication by fabricating metal plate through Turret Punch Machine and CNC Bending Machine in various forms according to the customer specification. Production process will be cut, punch, bend and weld. Some parts have to be passed the painting process. The completed pieces will be checked before sending to the assembly plastic plant.

For plastic parts, plastic will be injected into specific mold with high technology and accuracy injection machine as the Company used modern machine for its production in order to response to customers.

Both sections of production have to meet good production standard as the Company has certified ISO 9001:2008 and ISO 14001 : 2004 as well as has constantly trained its users.

Labor of the group of the Company

The Company has manufactured parts for long time and improved to be OEM of its customers. The Company has policy to increase middle management or MINI MD to support the Company's growth in the future by providing MINI MD course within organization by training with both internal and external trainers who have knowledge

and capability as well as executives who have knowledge, capability, experience in air conditioner to step up to be ODM later and to reduce risk which might occur in the future.

The Company has realized that in future the labor will not be sufficient. With the vision of the Chairman of the Executive Committee, the Company has set up the plant in school and school in plant projects by coordinating with education institution to bring student to work with the Company as deemed appropriate which will benefit for both parties, students will be trained from standard plant and the Company get good labor to help during scarcity. With regard to staff, the Company constantly provides training to increase knowledge, expertise and capability together with supplies modern machines and production process to be used.

SSM Automation Company Limited (SSMA)

SSM Automation Company Limited (SSMA) was established on October 26, 2011 by joint venture between Thai and Japanese with registered capital of 100,000,000 baht located at 88/19 Moo 2, Makhanku District, Amphur Nikom Pattana, Rayong 21180 to engage in manufacturing and fabricating metal parts for automobile and electric appliance parts. The shareholding portion is as follows:

No.	Partnership	Shareholding Portion	Registered Capital (Baht)
1	SNC Former Public Company Limited	49%	79,000,000
2	SUGIMOTO METAL MANUFACTURING CO., LTD	48%	76,000,000
3	MR. MASAHIRO SUGIMOTO	2%	3,000,000
4	MR. MASAYASU MASUDA	1%	3,000,000
Total		100%	100,000,000



SSMA

1. Nature of business and product

Metal fabrication business of SSMA possess distinctive feature which is different from other general manufacturers in Thailand as SSMA mainly focuses on using Robot line, Transfer Line and Progress Line for its production lines. SSMA emphasizes on parts manufacturing for automobile and electric appliance industry, the details of each main product group are as follows:

1.1 Automobile parts

At present, SSMA manufactures automobile parts for H-One Parts (Thailand) Company Limited (automobile parts for Honda and Mitsubishi) and Kyokuyo Industrial (Thailand) Company Limited (automobile parts for Nissan)

1.2 Electric appliance parts

Major customers of this group are Mitsubishi Electric Consumer Product Company Limited, Sharp Appliances (Thailand) Company Limited, Electrolux Company Limited and SNC Former Company Limited, etc.

2. Marketing strategy and competition

Automobile industry in Thailand is the high growth industry whereas the competition in steel fabrication for automobile industry is also severe. To step up to be the leader, the player has to possess particular characteristics to be selling point for customers. Therefore, SSMA has built its production line by focusing on “Quality” and “Productivity”. SSMA invested in Robot Line, Transfer Line and Progress Line in order to ensure its customers that its products will be “cheaper”, “better”, and “faster”, products than other competitors’ products.

SSMA aims to be Tier 1 Supplier for automobile parts within 2014, while it will also manufacture parts and deliver to customers in electric appliance industry such as Mitsubishi Electric Consumer Product Company Limited (air conditioner), Sharp Appliances (Thailand) Company Limited (Sharp refrigerator), etc.

3. Product Procurement

The production will be divided into 3 main procedures, cutting, fabrication and assembly. Firstly, the steel will be cut, followed by fabricated to be various parts and then assembled by connecting fabricated parts together. Subsequently, the product will be tested for its quality before packing and delivery to customer later. However, some products might be required only fabrication process (no assembly).

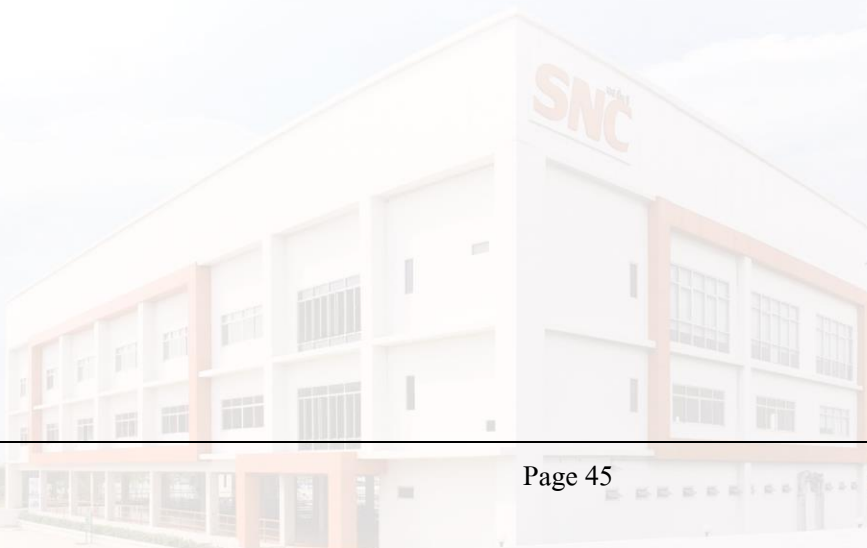
At present, SSMA has 4 production lines which are

- 3.1 Robot Line comprising of 800 ton and 500 ton press machine for 4 machines and 5 robots



Robot Line

- 3.2 Transfer Line comprising of 500 ton press machine and Transfer set
- 3.3 Progressive Line comprising of 250 ton and 80 ton press machines and feeder set
- 3.4 Tandem Line comprising of 300 ton press machines for 5 machines and 80 ton press machine for 2 machines



3. Risk Factors

Risk factors from the Company's business operation that might significantly affect the investors' returns can be summarized as follows:

3.1 Operation Risk

3.1.1 Risk of fluctuation of raw material

The major raw materials of the Company are copper, aluminum, brass, metal and plastic. Copper, the main raw material, is the commodity product imported from other countries. Its price is fluctuated in relation to the global price. The fluctuation of the copper price may affect the production cost of the Company to be higher. However, the management of the Company has set the guideline to mitigate the risk of copper price fluctuation in the future by:

1. Match the purchase price of the copper with the cost that be used for setting the selling price. Therefore, the Company purchases copper from 3 major suppliers in order to get the purchase price of the copper at the same price as the selling price.
2. Order copper at the amount that needed for production for its customers. The Company shall have a meeting with customers to clearly specify the amount of purchase order of each month.
3. Control purchase order and inventory management in order to have the minimum on-hand inventory.
4. The customers reserve copper with suppliers and the Company will order according to the price the customer reserved with the suppliers and use such price to set the selling price.

3.1.2 Risk of dependency on a major customer

The Company has four major customer whose its revenues are at 60% of total revenues. If these customers terminates the appointment or materially decrease its purchase volume, the performance of the Company may be affected. Nevertheless, the Company has good relationship with such customer. The Company is able to respond to its demand for the product quality, reasonable price, punctual delivery and the effectiveness of pre-post sales service. Therefore, the customer is confident with the Company and there is potential to do more business together in the future. Since the beginning, the Company and the customer carry out product development (R&D) and production plan together. Such cooperation strengthens the relationship. In order to diversify its revenues structure, the Company procures new customer by increase customer base of ODM and co-develops the product with the customer. Besides, the Company has increased its customer base in the other group. Therefore, its retail customers have increased considerably from the previous year.

3.1.3 Risk that customers relocate its production base to other countries

The major customers of the Company are foreign residential air conditioner and automobile air conditioner manufacturers who have their production base in Thailand. If the customers relocate their

production base to other countries for lower cost than Thailand in the future such as China, Vietnam, etc., the performance of the Company and its subsidiaries may be affected.

However, Thailand is counted as the potential country for air conditioner manufacturing as it provides advantages over competitors in the region including be the center of raw material and air conditioner parts. If the customers relocate its production to other countries, the product quality might be affected such as copper tube may rust due to the humidity or may be broken or bend due to the packaging and careless transportation. Besides, the production cost will increase as a result of the transportation cost and insurance expenses.

Moreover, the major factors that the customers do not want to relocate their production to China and Vietnam because of the intellectual property problem in which the Chinese government still cannot set any protection measurement as well as the racial conflict that enable the management of business inflexible. Besides, the infrastructure and technologies are not efficient enough to support the industrial production when compared to Thai infrastructure and technologies.

3.2 Financial Risk

Risk of fluctuation of foreign exchange rate

The Company imports raw material and exports its products with credit term around 30-60 days, the fluctuation of foreign exchange rate may affect the Company's operation. The raw material cost in foreign currency is 12% of Purchase of raw materials and sales in foreign currencies 5% of total sales.

4. ทรัพย์สินที่ใช้ในการประกอบธุรกิจ

4.1 ทรัพย์สินถาวรหลักที่ใช้ในการประกอบธุรกิจ

ณ วันที่ 31 ธันวาคม 2557 ทรัพย์สินถาวรหลักที่บริษัทและบริษัทย่อยใช้ในการประกอบธุรกิจ มีรายละเอียดดังต่อไปนี้

รายละเอียด	มูลค่าสุทธิ (ลบ.)	ภาระผูกพัน
ทรัพย์สินที่ใช้ดำเนินธุรกิจหลัก		
- ที่ดินและส่วนปรับปรุงที่ดิน		
ระยอง จำนวน 4 แปลง รวม 48.5 ไร่ เป็นเจ้าของ	34.97	ปลอดภาระ
สมุทรปราการ จำนวน 2 แปลง รวม 6 ไร่ เป็นเจ้าของ	30.90	ปลอดภาระ
Top tech จำนวน 2 แปลง รวม 5 ไร่ เป็นเจ้าของ	25.80	จำนองธนาคาร
- อาคารและ โรงงาน		
สำนักงานใหญ่ เป็นเจ้าของ	69.99	ปลอดภาระ
SNC Branch 4 เป็นเจ้าของ	101.22	ปลอดภาระ
SPEC เป็นเจ้าของ	143.24	ปลอดภาระ
Top tech เป็นเจ้าของ	21.94	จำนองธนาคาร
โรงงานแห่งอื่นๆ เช่า	226.48	ปลอดภาระ
- เครื่องจักร อุปกรณ์		
เครื่องจักร เป็นเจ้าของ	1,027.94	จำนองธนาคาร 2.7 ล้านบาท
เครื่องจักร สัญญาเช่าการเงิน	15.88	ปลอดภาระ
เครื่องมือเครื่องใช้และอุปกรณ์โรงงาน เป็นเจ้าของ	132.78	ปลอดภาระ
อุปกรณ์สำนักงานและเครื่องตกแต่ง เป็นเจ้าของ	29.95	ปลอดภาระ
ยานพาหนะ เป็นเจ้าของ	15.08	ปลอดภาระ
ยานพาหนะ สัญญาเช่าการเงิน	0.7	ปลอดภาระ
สินทรัพย์ระหว่างติดตั้ง เป็นเจ้าของ	44.49	ปลอดภาระ
รวมทรัพย์สินที่ใช้ดำเนินธุรกิจหลัก	1,921.36	
ทรัพย์สินที่ใช้ประโยชน์อื่น		
- ที่ดินระยอง เพื่อใช้ในการขยายธุรกิจในอนาคต เป็นเจ้าของ	86.14	ปลอดภาระ
- โรงงานและที่ดินระยอง ให้บริษัทร่วมเช่า เป็นเจ้าของ	48.66	ปลอดภาระ
รวมทรัพย์สินที่ใช้ประโยชน์อื่น	134.80	
รวมทั้งสิ้น	2,056.16	

สรุปสัญญาที่สำคัญของบริษัท และบริษัทย่อย

ผู้เช่า	ผู้ให้เช่า	สัญญาเช่า	อายุสัญญา	สถานที่ตั้ง	เนื้อที่	อัตราค่าเช่าบาท/เดือน
1) เอส เอ็น ซี คูวลิ่ง ซัพพลาย	บจก. เคอาร์ซี ดิเวลลอปเม้นท์	อาคารโรงงาน	3 ปี (15 พ.ค. 55-14 พ.ค. 58)	เลขที่ 333/6 ม. 6 ต.บางเพรียง อ.บางบ่อ จ.สมุทรปราการ	8,000 ตรม.	840,000
2) อิมเมอทัล พาร์ท	นายชลอ แก้วสนธิ	ที่ดิน	2 ปี (1 ม.ค. 56 - 31 ธ.ค. 57)	โฉนดเลขที่ 31575 ถ.ลาดหลุมพอ ต.บางเพรียง อ.บางบ่อ สมุทรปราการ	360 ตรม.	7,000
	บจก.ศิริ โกมลพรีอเพอร์ดี	อาคารโรงงาน	1 ปี (1 ม.ค. 57 - 31 ธ.ค. 57)	เลขที่ 242/4 ม.6 ต.บางเพรียง อ.บางบ่อ สมุทรปราการ	2,500 ตรม.	270,000
	บจก. โกด้าง แสงฟ้า	อาคารโรงงาน	2 ปี 11 เดือน (1 พ.ย. 55 - 31 ธ.ค. 58)	เลขที่ 333/2 ม.6 ต.บางเพรียง อ.บางบ่อ จ.สมุทรปราการ	4,000 ตรม.	460,000
	บจก. โกด้าง แสงฟ้า	อาคารโรงงาน	3 ปี (1 ก.ย. 55 - 31 ส.ค. 58)	เลขที่ 333/4 ม.6 ต.บางเพรียง อ.บางบ่อ จ.สมุทรปราการ	9,000 ตรม.	945,000
	บจก. โกด้าง จงศิริ	อาคารโรงงาน	1 ปี (1 ม.ค. 57 - 31 ธ.ค. 57)	เลขที่ 242/12 ม. 6 ต.บางเพรียง อ.บางบ่อ สมุทรปราการ	300 ตรม.	30,000
3) เอส เอ็น ซี ฟอว์เมอร์ สาขา 2	บจก. บางเพรียงพัฒนา	อาคารโรงงาน	3 ปี (1 ก.ย. 55 - 31 ส.ค. 58)	เลขที่ 128/888 ม. 1 ต.บางเสาธง อ.บางเสาธง จ.สมุทรปราการ	6,600 ตรม.	520,000
	บจก. ไทยฮาร์ดเน็ท เซอร์วิส	อาคารโรงงาน	1 ปี (1 ก.ย. 57 - 1 ก.ย. 58)	เลขที่ 129/891 ม. 1 ต.บางเสาธง อ.บางเสาธง จ.สมุทรปราการ	700 ตรม.	60,000
	บจก. บางเพรียงพัฒนา	อาคารโรงงาน	1 ปี (1 ธ.ค. 57 - 30 ก.ย. 58)	เลขที่ 128/888 ม. 1 ต.บางเสาธง อ.บางเสาธง จ.สมุทรปราการ	1,000 ตรม.	70,000
	บจก. บางเพรียงพัฒนา	อาคารโรงงาน	3 ปี (1 ก.ย. 55 - 31 ส.ค. 58)	เลขที่ 129/892 ม. 1 ต.บางเสาธง อ.บางเสาธง จ.สมุทรปราการ	1,944 ตรม. (ไม่รวมที่จอดรถ)	147,000
	บจก. บางเพรียงพัฒนา	อาคารโรงงาน	3 ปี (1 ก.ย. 55 - 31 ส.ค. 58)	เลขที่ 129/893 ม. 1 ต.บางเสาธง อ.บางเสาธง จ.สมุทรปราการ	3,200 ตรม. (ไม่รวมที่จอดรถ)	ธ.ค. 55-ส.ค. 58 : 288,000
	บจก.เคอาร์ซี ดิเวลลอปเม้นท์	อาคารโรงงาน	3 ปี (1 ก.ย. 55 - 31 ส.ค. 58)	333/5 ม.6 ต.บางเพรียง อ.บางบ่อ จ.สมุทรปราการ	3,600 ตรม.	414,000
4) เอส เอ็น ซี ฟอว์เมอร์ สาขา 4	การนิคมอุตสาหกรรม	ที่ดินโรงงาน	10 ปี (1 ธ.ค. 50 -	เลขที่ 49/40 ม. 5 นิคมอุตสาหกรรม	48 ไร่ 42.51 ตรว.	880,405

ผู้เช่า	ผู้ให้เช่า	สัญญาเช่า	อายุสัญญา	สถานที่ตั้ง	เนื้อที่	อัตราค่าเช่าบาท/เดือน
	แหลมฉบัง		30 ก.ย. 60)	แหลมฉบัง ต.ทุ่งสุขลา อ.ศรีราชา จ.ชลบุรี		
5) พาราไดซ์พลาสติก	บจก.เคอาร์ซี ดิเวลลอป मेंท์	อาคาร โรงงาน	3 ปี (1 ก.ย.55 - 31 ส.ค.58)	333/5 ม.6 ต.บางเพรียง อ.บางบ่อ จ.สมุทรปราการ	2,400 ตรม.	276,000

สินทรัพย์ไม่มีตัวตน

ณ วันที่ 31 ธันวาคม 2557 บริษัท และบริษัทย่อยมีสินทรัพย์ไม่มีตัวตนประเภท software และ ค่าสิทธิในการใช้ใบอนุญาตและประโยชน์อื่นๆ จำนวน 55.09 ล้านบาท ทั้งนี้สินทรัพย์ไม่มีตัวตนแสดงตามราคาทุนหักค่าตัดจำหน่ายสะสม ค่าตัดจำหน่ายของสินทรัพย์ที่ไม่มีตัวตนคำนวณจากราคาทุนของสินทรัพย์ โดยวิธีเส้นตรงตามอายุการให้ประโยชน์โดยประมาณของสินทรัพย์ไม่มีตัวตน (รายละเอียดตามหมายเหตุประกอบงบการเงิน หัวข้อ 13)

4.2 นโยบายการลงทุนในบริษัทย่อยและบริษัทร่วม

บริษัทมีนโยบายลงทุนในบริษัทย่อยและบริษัทร่วม ที่ดำเนินธุรกิจในกลุ่มงานชิ้นส่วนยานยนต์ กลุ่มชิ้นส่วนเครื่องใช้ไฟฟ้า และกลุ่มธุรกิจที่เกี่ยวข้องกับธุรกิจเดิมของบริษัท เป็นหลัก เพื่อเสริมศักยภาพการผลิต ตอบสนองการขยายงาน และสร้างมูลค่าเพิ่มให้แก่บริษัทในระยะยาว ตลอดจนพิจารณาสิทธิประโยชน์จากการขอรับการส่งเสริมการลงทุนจาก BOI เป็นปัจจัยสำคัญร่วมด้วย

รายละเอียดของเงินลงทุนในบริษัทย่อย บริษัทร่วม และกิจการที่ควบคุมร่วมกัน แสดงไว้ในหมายเหตุประกอบงบการเงิน สำหรับปีสิ้นสุด ณ วันที่ 31 ธันวาคม พ.ศ. 2557 ข้อที่ 9-10

5. ข้อพิพาททางกฎหมาย

ณ วันที่ 31 ธันวาคม 2557 บริษัทไม่มีข้อพิพาททางกฎหมาย ในคดีดังต่อไปนี้

- คดีที่อาจมีผลกระทบด้านลบต่อสินทรัพย์ของบริษัทหรือบริษัทย่อย
- คดีที่กระทบต่อการดำเนินธุรกิจของบริษัทอย่างมีนัยสำคัญ
- คดีที่มีได้เกิดจากการประกอบธุรกิจโดยปกติของบริษัท

6. General Information

6.1 Company Information

SNC Former Public Company Limited (“the Company”), registration number 01075 47000 371, was established on March 1994. The Company was listed on the Stock Exchange of Thailand (“SET”) on October 2004 and its abbreviation of the securities listed on the SET is SNC.

The Company engages in parts manufacturing for automobile air conditioner and cooling machine as well as OEM for cooling machine.

As at December 31, 2014, the Company’s paid up capital was 287,777,339 baht. SNC Holding Company Limited, a registered company in Thailand, is the major shareholder of the Company holds 30% of its paid up capital.

The Company’s head office is located at 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560. Telephone No. 0-2763-8961-3 Fax No. 0-2763-8964 Homepage www.sncformer.com

Branch 2 :

128/888 Moo 1, Taparuk Road,

Bangsotong District, Amphur Bangsotong,

Samutprakarn 10540

Tel No. 0-2763-8961-3 Fax No. 0-2763-8964

Branch 4 :

49/40, Moo 5, Laemchabang Industrial Estate,

Tungsukhla District, Amphur Sriracha,

Chonburi 20230

Tel No. 0-3849-3400-19 Fax No. 0-3849-3423-4

6.2 Juristic persons which the Company holds at least 10% of their shares

(Information as at December 31, 2014)

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
<i>Subsidiaries which SNC Former Public Company Limited holds their shares directly.</i>			
<u>SNC Cooling Supply Company Limited</u> 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 (Automatic 7 Lines) Fax No. 0-2108-0367-8	Engages in parts manufacturing for automobile air conditioner	30 million baht 300,000 common shares Par value 100 baht per share	99.99%
<u>SNC Pyongsan Evolution Company Limited</u> 88/9, 88/18 Moo2, Makhamku District, Amphur Nikom Pattana, Rayong 21180	Engages in parts manufacturing for cooling	220 million baht 22,000,000 common shares	99.99%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
Tel No. 0-3889-3620-27 Fax No. 0-3889-3618, 0-3889-3619	machine as well as OEM for cooling machine	Par value 100 baht per share	
<u>Immortal Part Company Limited</u> Head Office : 333/2, 333/4 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0370-76 (Automatic 7 Lines) Fax No. 0-2108-0369, 0-2108-0377 Branch : 242/4 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2705-6750-1, 0-2706-6753-4 Fax No. 0-2706-6952	Engages in parts manufacturing for cooling machine	70 million baht 700,000 common shares Par Value 100 baht per share	99.99%
<u>Paradise Plastic Company Limited</u> 333/5 Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0378-82 Fax No. 0-2763-8964	Engages in plastic parts manufacturing for electric appliance and automobile	30 million baht 300,000 common shares Par Value 100 baht per share	99.99%
<u>Toptech Diamond Tool Company Limited</u> 56 Moo 3, Bangpra District, Amphur Bangplee, Samutprakarn 10540 Tel No. 0-2182-1275-82 Fax No. 0-2182-1283-4	Engages in tools manufacturing made of steel, tungsten carbide	80 million baht 800,000 common shares Par Value 100 baht per share	60%
<u>SNC Creativity Anthology Company Limited</u> 88/21-22 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3802-6750-8 Fax No. 0-3802-6759	Engages in parts manufacturing for electric appliance and air conditioner	200 million baht 20,000,000 common shares Par Value 100 baht per share	99.99%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
<u>SNC Atlantic Heat Pump Company Limited</u> 88/21-22 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 038-893620-7	Engages in manufacturing of heat pump for water heat pump	45 million baht 450,000 common shares Par Value 100 baht per share	74%
<u>SNC Fukui Holy Insulation Company Limited</u> 333/5 Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 02 108-03670-76	Engages in manufacturing of insulation copper pipe kit used for the installation of cooling machine and foam pipe insulation	50 million baht 500,000 common shares Par Value 100 baht per share	70%
<u>Meisou SNC Precision Company Limited</u> 56 Moo 3, Bangpra District, Amphur Bangplee, Samutprakarn 10540 Tel No. 0-2182-1275-82 Fax No. 0-2182-1283-4	Production and manufacture of molds and Die	10 million baht 100,000 common shares Par Value 100 baht per share	70%
<i>Subsidiaries which shares indirectly held by SNC Pyongsan Evolution Company Limited</i>			
<u>Ultimate Part Company Limited</u> 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3889-3620-27 Fax No. 0-3889-3619	Engages in parts manufacturing for cooling machine and OEM for freezer	40 million baht 400,000 common shares Par Value 100 baht per share	99.99%
<u>Infinity Part Company Limited</u> 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3889-3619 Fax No. 0-3889-3620	Engages in parts manufacturing for cooling machine	20 million baht 200,000 common shares Par Value 100 baht per share	99.99%
<i>Associates</i>			

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
<u>SNC Atlantic Water Heater Asia Company Limited</u> 88/9, 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3889-3619 Fax No. 0-3889-3620	Engages in manufacturing water heater (has not commenced the operation)	45 million baht 450,000 common shares Par Value 100 baht per share	49%
<u>Fuso Industries Company Limited</u> 99/1 Moo 3 Bangsaothong District, Amphur Bangsaothong, Samutprakarn 10540 Tel No. 0-2397-9140-50 Fax No. 0-2397-9151-2	Engages in manufacturing of cooling parts	100 million baht 1,000,000 common shares Par Value 100 baht per share	20%
<i>Jointly controlled entity</i>			
<u>SSM Automation Company Limited</u> 88/19 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3889-3619 Fax No. 0-3889-3620	Engages in manufacturing and fabricating metal parts for electric appliance and automobile	100 million baht 1,000,000 common shares Par Value 100 baht per share	49%

6.3 Other References

Registrar

Thailand Securities Depository Company Limited

62, 4th, 6th, 7th, floor, the Stock Exchange of Thailand
Building, Ratchadapisek Road, Klongtoey, Bangkok
10110

Tel No. 0-2229-2800 Fax No. 0-2359-1259

Auditor

KPMG Phoomchai Auditing Company Limited

1 Empire Tower, South Sathorn,
Yannawa, Bangkok 10120

Tel No. 0-2677-2000 Fax No. 0-2677-2222

7. Securities Information and Shareholders

7.1 Registered Capital and Paid Up Capital

As at December 31, 2014, the Company's registered capital and paid-up capital was 287,777,339 baht, comprised of 287,777,339 common shares, at par value of 1 baht per share.

7.2 Shareholders

7.2.1 List of shareholders

List and shareholding portion of the top-ten major shareholders of the Company according to the latest book closing date on August 18, 2014 are as follows:

No.	Name	Shareholding	
		No. of shares	%
1	Thaisa-nguanvorakul Group *	110,360,712	38.35
2	ASIA INVESTMENT PARTNERS LIMITED	45,816,400	15.92
3	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES	18,000,000	6.25
4	HSBC (SINGAPORE) NOMINEES PTE LTD	12,409,600	4.31
5	STATE STREET BANK EUROPE LIMITED	4,602,100	1.60
6	Mr. Pitak Pisetsit	4,020,000	1.40
7	Mr. Sumeth Kittiprompong	2,940,000	1.02
8	Mr. Wanchai Chaisawat	2,474,100	0.86
9	Mr. Sakol Ngamlertchai	2,349,000	0.82
10	Mr. Anucha Kittanamongkhonchai	2,180,000	0.76
	Total	202,151,912	71.29

Remark *Thaisa-nguanvorakul Group comprises of SNC Holding Company Limited, Dr. Somchai Thaisa-nguanvorakul, Khun Sineenart Thaisa-nguanvorakul, Khun Anongnart Thaisa-nguanvorakul and Khun Chanisara who hold 31.62%, 3.92%, 2.19%, 0.59% and 0.03% of total issued shares, respectively.

7.2.2 Shareholders of SNC Holding Company Limited

No.	Name	Shareholding	
		No. of shares	%
1	Dr. Somchai Thaisa-nguanvorakul	2,235,157	22.13
2	Mrs. Anongnart Thaisa-nguanvorakul	1,193,594	11.82
3	Miss Sineenart Thaisa-nguanvorakul	1,000,000	9.90
4	Miss Netchanok Thaisa-nguanvorakul	1,000,000	9.90
5	Miss Chanisara Thaisa-nguanvorakul	1,000,000	9.90
6	Mr. Keichin Nakamoto	757,500	7.50
7	Mr. Kenji Kodama	505,000	5.00
8	Mr. Fumiaki Takahashi	505,000	5.00
9	Miss Pilailuck Koonrukprom	257,500	2.55
10	Mr. Tosaporn Thaisa-nguanvorakul	257,500	2.55
11	Mr. Somboon Gurdlin	252,500	2.50
12	Others	1,136,249	11.25
	Total	10,100,000	100.00

7.2.3 Shareholders of Institutional Investors

ลำดับที่	ชื่อ	สัดส่วนการถือหลักทรัพย์	
		หุ้น	ร้อยละ
1	ASIA INVESTMENT PARTNERS LIMITED	45,816,400	15.92
2	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	18,000,000	6.25
3	HSBC (SINGAPORE) NOMINEES PTE LTD	12,409,600	4.31
4	Thai NVDR Company Limited	6,140,454	2.13
5	STANDARD CHARTERED BANK	4,602,100	1.60
6	CITIBANK	2,026,100	0.70
7	Safety Insurance Public Company Limited	913,000	0.32
	รวม	89,907,654	31.23

For the good governance of the Company and to show transparency management, there is no cross shareholding or pyramid shareholding among the group of companies.

As at February 24, 2014, the Company had 3,490 minority shareholders, accounted for 31.12% of total issued shares and such information was disclosed in the SET's website.

7.2.3 Agreement among major shareholders

ASIA INVESTMENT PARTNERS LIMITED, the second major shareholder, has authorized Mr. Surasak Khaoroptham to be member of the Board of Directors since 2008.

7.3 Other Securities

The Company has no any other shares or securities.

7.4 Dividend Payment Policy

The dividend payout policy of the Company is not less than 50% of its net profit after tax and legal reserve, provided that the said payment shall have no impact to the Company's business significantly and should take other factors such as future performance, financial status, liquidity, business expansion plan and economics condition into consideration. Such dividend payment shall subject to the shareholders' approval or the Board of the Directors' approval.

Past dividend payment of SNC Former Public Company Limited

Dividend Payment for the year	2009	2010	2011	2012	2013	2014
Dividend per share (Baht)	0.70	1.00	1.60	1.60	1.00	0.66
Earnings per share (Baht)	0.48	1.33	1.81	1.72	1.47	1.31
Dividend payout ratio (%)	145%	75%	89%	93%	68%	50%

Remark: * The Board of Directors' meeting on February 3, 2015 passed the resolution for the dividend payment for the operation result of year 2013 for the year end period which was the last period at 0.36 baht per share, the dividend will be paid on April 24, 2015. After adding up with the interim dividend at 0.60 baht per share, the total dividend payment will be 0.66 baht per share.

Subsidiaries' Dividend Policy

The subsidiaries' dividend policy is to pay dividend on June and December every year, therefore, the parent company (SNC) shall have sufficient retained earnings to pay dividend to its shareholders further.

8. Management Structure

8.1 Board of Directors

As at December 31, 2014, the Company's Board of Directors comprised of 10 directors. Include

- Independence director 6 directors (More than one half of the Company's Board of Directors)
- None executive director 7 directors (For 70% of the Company's Board of Directors)
- Female independence director 1 director is Mrs. Chanisa Chutipat.
-

No.	Name		Position
1	Mr. Satit	Chanjavanakul	Chairman of the Board of Directors Independence Director
2	Dr. Somchai	Thaisa-nguanvorakul	Chairman of Executive Committee
3	Mr. Wisan	Wutthisaksilp	Independence Director
4	Mr. Chaisak	Angkasuwan	Independence Director
5	Mr. Suchat	Boonbanjerd Sri	Independence Director
6	Mrs. Chanisa	Chutipat	Independence Director
7	Pol.Gen.Maj. Nopsak	Poovatanasedj	Independence Director
8	Mr. Surasak	Khaoroptham	Director
9	Mr. Somboon	Gurdlin	Director and Executive Committee.
10	Mr. Samitt	Palitagram	Director and Executive Committee.

Ms. Ratanaporn Leenawat is the Company Secretary

The definition of the Company's director's independence is more stringent than those provided by the Capital Market Supervisory Board as follows:

- 1) Holding shares not more than 0.5% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.
- 2) Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company's independent director.
- 3) Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or

such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.

- 4) Having no current or previous business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons which may interfere his /her independent discretion, and not being or having previously been a major shareholder or controlling person of the company which has a business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
- 5) Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
- 6) Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
- 7) Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.
- 8) Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.
- 9) Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

Authorized Directors

The Company's authorized directors are Dr. Somchai Thaisa-nguanvorakul jointly with Mr. Somboon Gurdlin or Mr. Samitt Palitagram, one of the directors totaling 2 persons are authorized to sign on behalf of the Company with the Company's seal affixed.

Scope of duties and responsibilities of the Board of Directors

1. Manage the Company to be in line with the laws, its objectives, Articles of Association, the resolution adopted at the shareholders' meeting as well as the Principles of Good of Corporate Governance, the guideline of the SET and the SEC. This excludes the matters required the shareholders' resolution such as matters as stated

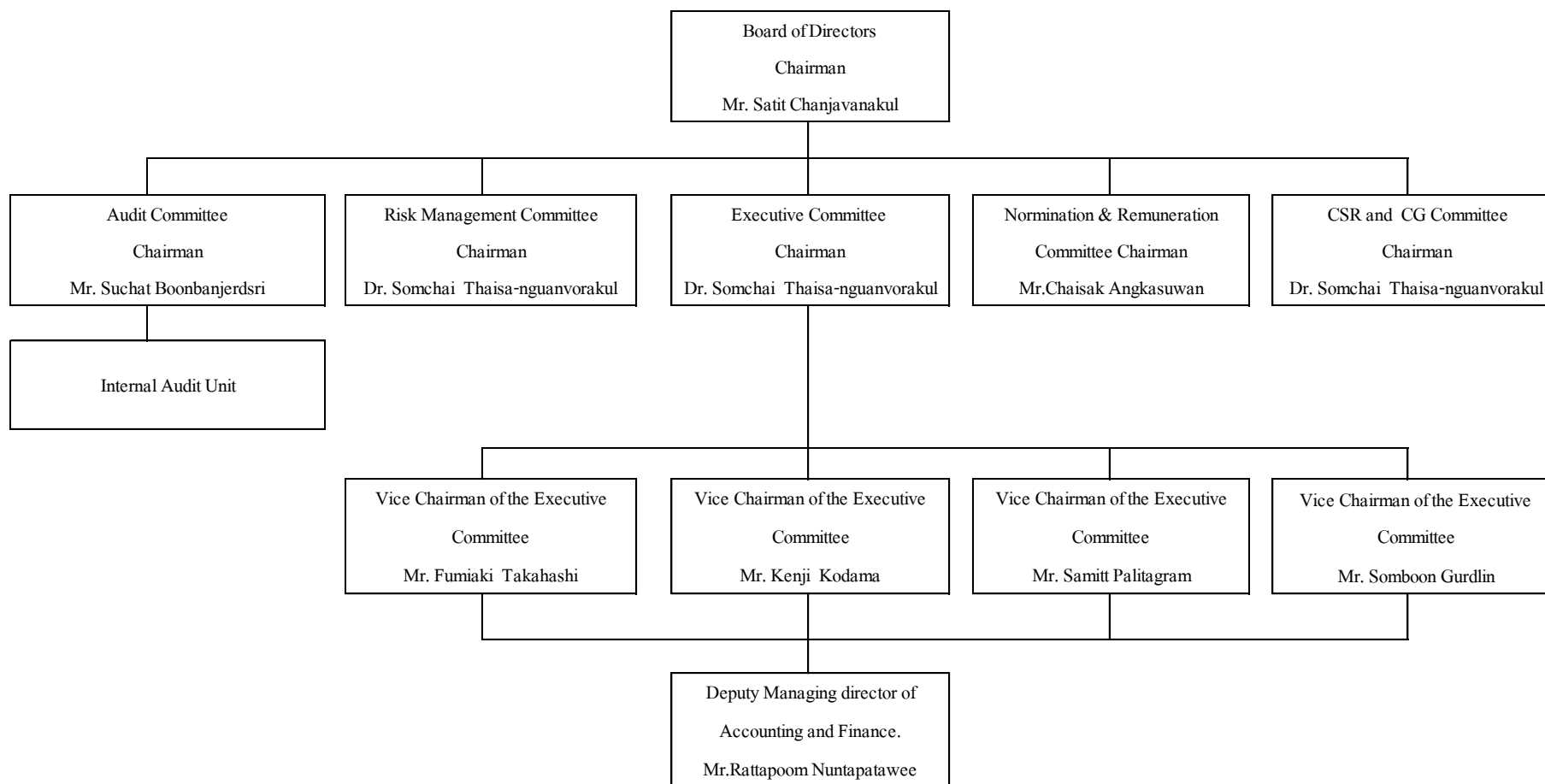
by laws that required shareholders' resolution, the connected transactions and the acquisition or disposition of significant assets according to the regulations of the SET or any other laws, etc.

2. Approve the amendment of the Company's Articles of Association, capital increase, capital reduction, newly issued shares allotment and amendment of rights of the common share.
3. Approve the establishment of any companies or taking over any benefits in any other companies.
4. Approve the investment, borrowing, raising funds, applying for loan from commercial bank or receiving any financial support.
5. Approve the matters that may cause the mortgage or any other contingent liabilities to business operation, assets or the whole or important parts of assets, except the normal business matters.
6. Approve any loan or credit providing apart from the normal business.
7. Provide or not provide consent in the matter that may cause the whole or part of the Company's business to under any others control apart from the Board.
8. Approve any accusations or any compromises or agreements according to any other appeals apart from the normal business.
9. Appoint one director to assume the Chairman of the Board and may appoint the Deputy Chairman as the Board deem appropriate.
10. Approve the adjustment and amendment of the Company's authorized directors.
11. Appoint any directors to be the Executive Committee and appoint the Chairman of the Executive Committee as the Board deem appropriate.
12. Appoint the Remuneration Committee and Nomination Committee as the Board deem appropriate.
13. Appoint the Company's Secretary and the Secretary to the Board as the Board deem appropriate.
14. Approve the adjustment and amendment position and/or authority of Managing Director
15. Determine vision, business direction and strategy of the Company.
16. Approve major policies including objectives, financial goal, and business plan and ensure that the determined plan has been implemented as well as govern the management to operate effectively and efficiently according to the determined policy
17. Determine the guideline for the risk management covering all aspects and ensure that the managements have put in place the effective risk management system.
18. Approve the appropriate remuneration policy as proposed by the Remuneration Committee
19. Assess the performance of the Executive Committee, the Chairman of the Executive Committee and the executives.
20. Fairly oversee the benefits and rights of both major shareholders and minorities, including providing proper communication channels to each shareholder group and all stakeholders.
21. Consider carefully in regard to the connected transaction and determine the clear guideline for entering into any connected transaction and for the utmost benefit to the Company and the shareholders.

22. Ensure the accuracy, clearly, transparency and trustworthiness of the information to be disclosed.
23. Arrange for the Board of Directors' meeting at least quarterly or the Chairman of the board might call an extraordinary meeting if deem necessary. Agenda of the meeting has to be clearly specified in advance with sufficient information and will be submitted with a written notice calling the meeting to all directors not less than 7 days prior to the date of the meeting in order to provide enough time set aside for directors to analyze the important information. Where it is necessary or urgent to preserve the rights or benefits of the Company, the meeting may be called by other methods and an earlier meeting date may be chosen. Moreover, the Board shall maintain the certified minutes of meeting and keep them for future reference and audit. All directors are encouraged to express their opinions independently with sufficient time upon the Chairman of the Board's consideration. At a meeting of the Board, at least one half (1/2) of the total number of directors present shall form a quorum.
24. Has responsibility to attend all shareholders' meetings.
25. Able to access and communicate independently with the Company's management and Secretary to the Board in order to request for additional information regarding business operation and any other information apart from the normal matters in the regular meeting every quarter.
26. Regularly arrange the meeting among the non-executive directors to discuss any matters in relation to the Company's business operation and interesting issues without management attending
27. Prohibited to engage in trading of the shares of the Company's group by using the material information that has not yet been disclosed to the public for personal or other interest. Furthermore, as stated in the Company's ethics, directors, executives and employees shall prevent from trading the shares of the Company's group one month prior to the public announcement of the financial statements.
28. Prohibited to operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any other private or public company operating business which has the same nature as and is in competition with the business of the Company, unless he or she notifies the shareholders' meeting prior to the resolution for his or her appointment.
29. Notify the Company without delay when such director has an interest in any contract which is made by the Company or the number of shares or debentures of the Company's group held by such director has been increased or decreased.
30. Devote for the Company and seek no any personal or other interest as well as not possess any actions that conflict or compete with the Company or subsidiaries. Director shall also promote all level of employees to hold high level of morality and virtue, with strongly concentration on internal control and audit in order to lessen the deception might arise and misusing of power, including the illegal actions.
31. Maintain the leadership and be a role model for the good performance.

8.2 Management Structure

Management Structure



As at December 31, 2014, the Company group comprised of 6 executives as follows:

No.	Name	Position
1	Dr. Somchai Thaisa-nguanvorakul	Chairman of the Executive Committee
2	Mr. Samitt Palitagram	Vice Chairman of Executive Committee and Managing Director
3	Mr. Somboon Gurdlin	Vice Chairman of Executive Committee and Managing Director
4	Mr. Fumiaki Takahashi	Vice Chairman of Executive Committee and Co-Managing Director
5	Mr. Kenji Kodama	Vice Chairman of Executive Committee and Co-Managing
6	Mr. Rattapoom Nuntapatawee	Deputy Managing Director – Accounting and Finance Department

Scope of duties and responsibilities of Managing Director

1. Operate or perform according to the policy, business plan and budget that have been approved by the Board of Directors.
2. Hire, appoint, transfer person at the number that appropriate and necessary to be the Company's executive or employee to perform in any position, including determine scope of duties and proper remuneration. Also be authorized to remove and lay off any employee as appropriate.
3. Determine commercial terms such as credit line, payment term, sales and purchase agreement and the change of commercial terms, etc.
4. Approve the payment for the project that be approved by the Board of Directors and any expenses/payments for the Company's business at the amount of not more than 20 million baht per time.
5. Consider investment for a range of projects including purchase and sales of assets and propose to the Board of Directors for approval.
6. Have the power to represent the Company to deal with external individual for any related business that is useful to the Company.
7. Approve the appointment of a range of advisors when necessary to the operation.
8. Perform any matters in relation to the Company's general operation.

The above authorization of the Managing Director has to be under laws, regulations, the Company's Articles of Association and shall not allow the Managing Director to approve the transaction which cause or may cause the potential conflict of interest with the Company or its subsidiaries. To enter into any connected transaction or the acquisition or disposition of assets of the Company or its subsidiaries according to the definition as determined by the SEC and the SET, the Company shall perform according to the rules and procedures as stated in the Notifications of such matters.

Legal Disputes

In the past 10 years, the Company's directors and executives has not been dismissed, discharged, or accused of any corruption or prosecution of bankruptcy or conviction of criminal case or dispute or undergoing lawsuit judgment.

8.3 The Secretary of the Company

The current secretary of the Company is Miss Rattaporn Leenawatta (Profile of the secretary of the Company, details of education and experience shown in attachment 1) and her duties and responsibilities are as follows:

1. Advise on legal and regulations which the Board of Directors has to recognize and perform accordingly and manage activities of the Board of Directors in order to enable the directors to efficiently and effectively perform their duties.
2. Monitor the Board of Directors, executives and all staff to perform according to the corporate governance policy and business ethics.
3. Oversee the disclosure of information and information memorandum as required according to the regulations and notifications of the SET and SEC.
4. Arrange shareholders' meeting and Board of Directors' meeting to be in line with laws, articles of association and other rules.
5. Prepare shareholders' meeting minutes and monitor the Company to perform according to the resolution of the shareholders' meeting.
6. Prepare and keep document such as director registration, invitation letters for Board of Directors' meetings, minute of Board of Directors' meetings, annual reports, invitation letters and minutes of the shareholders' meetings.
7. Keep and maintain report on the interest of the directors or executives.
8. Contact and communicate with general shareholders to inform the rights of shareholders and the Company's news and information.

8.4 Remuneration of the Board of Directors and Executives

Remuneration of the Board of Directors

Remuneration of the Board of Directors is considered by comparing with other companies in the same industry listed in the SET as well as the appropriateness, experience, duty, scope of work and responsibility including contribution from each director.

In 2014, the Board of Directors received financial remuneration, which was meeting allowance as follows:

Name	Meeting Allowance (Baht)						Total
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	CSR and CG Committee	
1. Mr. Satit Chanjavanakul	180,000	-	-	-	-	-	1,380,000
2. Dr. Somchai Thaisa-nguanvorakul	90,000	-	-	-	-	20,000	110,000
3. Mr. Wisan Wuttisaksin	90,000	-	40,000	-	-	-	130,000
4. Mr. Chaisak Ankasuwan	60,000	30,000	-	-	-	-	90,000
5. Mr. Suchat Boonbanjerd Sri	-	-	-	-	-	-	-
6. Mrs. Chanisa Chutipat	-	-	-	-	-	-	-
7. Pol.Gen.Maj. Nopsak Poovatanasedj	-	-	-	-	-	-	-
8. Mr. Surasak Khaoroptham	75,000	-	-	-	40,000	-	115,000
9. Mr. Somboon Gurdlin	90,000	-	-	-	-	20,000	110,000
10. Mr. Samitt Palitagram	90,000	-	-	20,000	-	20,000	130,000
11. Dr. Srimuang Charoensiri	15,000	10,000	10,000	-	-	-	35,000
12. Mr. Sukit Panvisavas	30,000	10,000	-	20,000	-	-	60,000
13. Professor Dr. Boonton Dockthaisong	90,000						90,000
14. Mr. Anavat Nawintham	90,000	80,000		20,000	20,000		210,000
15. Mr. Surapol Yamkasem	90,000		20,000			20,000	130,000
16. Mr. Somchai Ngamkitcharoenlap	90,000						90,000
Total	1,080,000	130,000	70,000	60,000	80,000	60,000	2,680,000

Executives Remuneration

Remuneration of the executives will be considered based on performance of each person and the Company's operation result as well as the performance according to the pre-determined goal of each business unit. Besides, the Company shall explore and compare its remuneration to the leading companies which are in the same industry to obtain sufficient information for its remuneration determination. In 2014, the Company paid remunerations to 9 executives of the Company and its subsidiaries as follows:

Items	Million Baht
Salary	19.51
Assigned company vehicles	3.86
Provident Fund	0.95
Telephone expenses	0.30
Social Security	0.04
Others	2.37
Total	27.03

Shares holding of the Board of Director and executives

	Name	No. of Shares			
		August 19, 2013	During the year Trading the shares		August 18, 2014
			Buy	Sell	
1	Mr. Satit Chanjavanakul	-	-	-	-
2	Dr. Somchai Thaisa-nguanvorakul	10,755,610	501,602	-	11,257,212
3	Mr. Somboon Gurdlin	15,533	-	7,584	7,949
4	Mr. Samitt Palitagram	431,377	2,313	0	433,690
5	Mr. Suchat Boonbanjerd Sri	-	-	-	-
6	Mrs. Chanisa Chutipat	-	-	-	-
7	Mr. Chaisak Ankasuwan	-	-	-	-
8	Mr. Wisan Wuttisaksin	-	-	-	-
9	Pol.Gen.Maj. Nopsak Poovatanasedj	-	-	-	-
10	Mr. Surasak Khaoroptham	-	-	-	-
11	Mr. Fumiaki Takahashi	1,240,610	2,903	-	1,243,513
12	Mr. Kenji Kodama	176,561	2,900	-	1,768,511
	Mr. Rattapoom Nuntapatawee	22,642	1,780	-	24,422

8.5 Personnel

Number of staffs

As at December 31, 2013, the staffs of the Company and subsidiaries can be classified by each department as follows:

Main Department	No. of staffs
Automobile air conditioner parts production	313
Cooling parts production	819
OEM for cooling machines	594
Other business lines production	222
Quality Control	106
Marketing	19
Human Resource	46
Information Technology	10
Research, development and maintenance	81
Transportation and Purchasing	26
Accounting and Finance	38
Warehouse	92
Others	82
Total	2,448

Employee Compensation

The Company considers the employee as its family member who deserves care without discrimination. The Company therefore has policy toward fair compensation and good welfare for its employees as well as maintenance of good and safe working environment.

Also, the Company has appointed the Welfare Committee in accordance with the regulation issued by the Ministry of Labour; constituting of employer and employees and to be specifically in charge of employee welfare. This can create the motive for them to loyally work for the Company in order to establish sustainable growth and mutual benefit for the Company and the employee. This policy also applies to subsidiaries and affiliates.

Staff Remuneration

The expenses related to staffs of the Company and its subsidiaries are as follows:

Item	Unit : Million Baht			%
	2014	2013	Increase	
Salary and overtime	535	572	(37)	-6%
Welfare	94	116	(22)	-19%
Bonus	68	75	(7)	-9%
Special Remuneration	12	16	(4)	-25%
Post employee benefit	11	10	1	10%
Provident Fund	9	8	1	13%
EJIP Fund	0	5	(5)	-100%
Others	24	19	5	26%
Total	753	821	(68)	-8%

Human Resource Development Policy

1. HR unit is responsible for new staff recruitment by announcing the position vacancy through various channels such as internet, notification at the society and communicate to all staffs. HR will convene the interview in order to get the staffs that possess qualifications according to the Job Description. After hiring new staff, HR will arrange for demonstration new staff before transporting to other units.
2. Apply Human Needs Theory of Maslow to be principal for human resource management in order to comply with various levels of the staffs which are officer level / low level management, middle level management and high level management.
3. Originate questionnaire for annual training requirement to allow staff to offer their preferred training course.
4. Operate QCC activities by indicating staff to join Action Plan activities at least 2 events per year in order to support team activities, to exchange idea and to employ benefit from this concept.
5. Daily Management & Policy Management by allowing all staff to be aware of their work target, work quality and accomplishment process by themselves, providing analysis system, reporting and evaluation as well as feedback information to workers.
6. Possess employee competency assessment SNC 9 Basic Need Skill Matrix which divided into 3 types: 1) Functional Competency 2) Core Competency 3) Work Permit. The Company will review the assessment once a year in order to issue work certification.
7. Provide employee evaluation system for remuneration and annual bonus consideration as well as arrange activities to support outstanding staff.

8. HRD unit has to assess training efficiency by evaluating both training and satisfaction of training course.
9. Develop staff to have multi skill and multifunction in order to increase staff capability to be ready for the change.
10. Develop future leader by developing leadership and adding new knowledge to strengthen management expertise and be prepared to be the leader for both existing and future businesses and offering internal and external training as well as providing fund for higher education.
11. Maintain staff who has good performance and high capability by preparing his career path such as work rotation, special assignment in order to provide opportunity for the staff to show his utmost competency.
12. The Company has established 4 Q policy which are

Quality of Product	Manufacture high quality products
Quality of Service	Provide high quality service
Quality of Environment	Focus on good environment
Quality of work life	Provide good work life

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors of SNC Former Public Company Limited confirms that the good corporate governance is the major factor to show the effective and transparent of the management system in order to build up the confidence and the assurance of the shareholders, investors, stakeholders and related parties and eventually bringing the success to the business, adding value and supporting the sustainable growth of the Company.

The Board of Directors has prepared code of conduct and business ethics so that the directors, executives and all employees realize and perform in relation to the good corporate governance as well as prepared good corporate governance manual which complied with the Principles of Good Corporate Governance for Listed Companies. The main ideas for the corporate governance are as follows:

1. Rights of Shareholders

The Board of Directors recognize the shareholders rights and avoid any actions that violate those rights including any action that can be considered in violation of the shareholders' rights to study the Company's information and attend the shareholders' meeting should be prohibited. Basic shareholder rights are rights to buy, sell or transfer shares, share in the profit of the Company, obtain relevant and adequate information on the Company in a timely manner and on a regular basis, participate and vote in the shareholders' meeting to elect or remove members of the board, appoint the external auditor and make decisions on any transactions that affect the company such as dividends payment, amendments to the company's articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Besides, each shareholder should be treated equally as defined in the Company's articles of association and related laws as follows:

- 1.1 Right to obtain information on the date, time, venue, and all agenda items with complete support data related to the matters required decision at the shareholders' meeting in advance for sufficient time and be on-time. The Company will also inform shareholders of the criteria and procedures governing the Company's shareholders meetings, process for attending the meeting, assigning a proxy, including the voting procedure. All information regarding shareholders meetings should be posted on the company's website before sending out the notice of the meetings so that shareholders can study all information prior to receiving the notice.
- 1.2 Right to attend the shareholders' meeting, express the opinions, ask questions, provide recommendations and participate in decision making for material changes. The Chairman of the meeting will allocate appropriate time and encourage the shareholders to express the opinions and ask questions related to the Company's operation. The Company encourages the shareholders to submit their questions, proposed agenda as well as nomination of any qualified candidates to be considered as the Company's Board of

Directors to the Company prior to the meeting. All directors will attend the shareholders' meeting to answer the shareholders in regard to the relevant matters.

2. Equitable Treatment of Shareholders

2.1 Shareholders' Meeting

The Board of Directors arranges the shareholders' meeting in the way that the shareholders are treated equally. The Company shall arrange for the shareholders' meeting at least once a year within 4 months after the fiscal year end. In case there is a special agenda that may affect or relate to shareholders' benefits or relate to any matters as stated by laws that required shareholders' resolution, the Company has to call for an extraordinary shareholders' meeting on a case by case basis.

2.1.1 Pre-shareholders' meeting

The Company shall provide equitable treatment to all shareholders by disclosing information in regard to shareholders' meeting both Thai and English on the Company's website, <http://www.sncformer.com>, 30 days prior to the meeting and submit such document to the shareholders more than 21 days prior to the meeting. Besides, the Company will announce in daily newspaper for 3 consecutive days before the meeting so that the shareholders can study in advance. Moreover, the Company will facilitate the shareholders to propose additional agenda and nominate qualified candidates to be appointed as the Board of Directors 3 months prior to the meeting. The Company has a pre-determined criteria for considering the additional agenda as proposed by the shareholders and determines procedure for the shareholders to nominate any candidates to be appointed as directors by proposed to the Nomination Committee with their qualifications and consents. Shareholders with management positions should not add any agenda items without notifying other shareholders in advance if not necessary, especially if it is an issue that will require shareholders to spend time to study relevant information before making their decisions. The Board of Directors also encourages the shareholders, who could not attend the meeting, to appoint their power of attorney to attend and vote for them. The Board of Directors will provide an option to shareholders by nominating independent director for their choice as their proxy and using the proxy form which the shareholders are able to specify their votes on each agenda.

2.1.2 Shareholders' meeting date

The Company will facilitate shareholders by providing staff to greet and assist each shareholder checking the document in order to attend the meeting. Also the Company will prepare stamp duty for shareholder who is the proxy grantor / holder. Before commence the meeting, the secretary of the meeting has to inform the quorum of the meeting, the vote count procedure. During the meeting, the Company will give the opportunity to all attendances for any inquiry or opinion expression and the Company shall completely and clearly answer to all questions. The Company shall convene the meeting by each agenda in order without any additional agenda that is not specified in the invitation letter for shareholders'

meeting. For the appointment of the Board of Directors agenda, the voting has to be for each director. The minutes of all meetings have to be recorded completely and accurately, also the Company shall record the meeting in video tape and disclose on the Company's website.

2.1.3 Post Shareholders' meeting

The Company shall submit the resolution of the shareholders' meeting to the SET and disclose on the Company's website within 14 days after the shareholders' meeting

According to developing and improving the Shareholder Meeting as consecutively held, the Company is, in this year, ranked "excellent" from the evaluation of quality in holding Shareholder Meeting in the Project of Quality Evaluation of Shareholder General Meeting in 2014 as held by Thai Investors Association.

2.2 Conflict of Interest Policy

The Company has set the "Code of Conduct" for all staffs to perform accordingly and to ensure that they acknowledge its operation policy and shall not perform against the policy and benefit. All staffs have to disclose all conflict of interest transactions according to the code of conduct with regard to the conflict of interest as follows:

2.2.1 Director and staff shall avoid any actions that will conflict with the Company's interest, not only by contacting with the Company's trading parties such as partners, customers, competitors or exploiting any opportunity or information received as be the director or staff of the Company for own benefit and should avoid to be in the business that compete with the Company or do other work except for the Company's work which will affect own duty.

2.2.2 Director and staff shall avoid holding the shares of the Company's competitors in which it might affect the director and staff to act or not to act according to their duties or affect to the performance of their duties. In case the director and staff hold such shares prior to be the Company's director and staff

2.2.3 or before the Company entered into this business or inherited, such director and staff have to inform his supervisor according to his ranking.

3. Roles of Stakeholders

The Board of Directors set the policy to treat all stakeholders such as customer, employee, trading partner, shareholder, payable and society by realizing their legal rights or any conditions of the agreements. The Company shall not enter into any actions that be considered in violation of the stakeholders' rights in order to operate smoothly and build up the sustainable security and provide benefit fairly to all parties.

Policy for Shareholders Responsibility

1. Perform duties with honesty and at the maximum capacity and equally treat to all shareholders.
2. Regularly report to shareholders in relation to the Company's operation with complete and accurate information.

3. Report to the shareholders concerning the Company's prospects for both positive and negative aspects with sufficient rationale
4. Realize the importance of the basic shareholder rights which are:
 - 4.1 Right to buy, sell or transfer shares
 - 4.2 Right to share the profit of the Company
 - 4.3 Right to obtain relevant and adequate information of the Company
 - 4.4 Right to participate and vote in the shareholders' meeting to elect or remove members of the Board, appoint the external auditor, and make decisions on any transactions that materially affect the Company
 - 4.5 Right to be informed the criteria and procedures governing shareholders' meeting
 - 4.6 Right to express the opinion and ask question in the shareholders' meeting

Policy on Employee Treatment

1. Provide appropriate and fair remuneration and welfare
 - Transportation arrangement covering employees' residences
 - on-site canteen offering clean food at reasonable price
 - financial aid from elementary through college education for employees' children
 - scholarship at various levels for public institutions
 - wedding allowance
 - maternity benefits
 - financial aid in the event of death
 - welfare in the event of death of family member
 - welfare for accommodation rental
 - provident fund which provide saving for employees
 - annual health check up
 - annual bonus
 - welfare for joint fund between employer and staff
2. Ensure and maintain working environment for life and asset safety of the employees.
3. Appoint, remove, reward or punish any employee by based on the appropriateness, knowledge and capability of such employee.
4. Consistently focus on staff development for knowledge, capability and skill and provide extensively opportunity for all staff.
5. Perform strictly according to the laws and regulations related to employee
6. Provide channel to staff to complain any matters that might be wrong action and set up the guideline to protect the staff or the informer of the wrong action

Policy on Customer Treatment

1. Deliver quality products per customer's request or higher than customer's expectation under the fair conditions.
2. Provide correct, sufficient and updated information related to the product and service to the customers so that they have sufficient information for decision making without misrepresentation of quality, quantity or any conditions of products and services.
3. Keep for all customers' confidential information and shall not illegally utilize such information for the interests of the Company or related parties.
4. Respond to customers' demand promptly and provide efficient system and channel for customer to complain about the quality of product and service.

Policy on Competitor Treatment

1. Encourage free and fair competition policy
2. Perform under the rules of fair competition.
3. Not unethically or inappropriately seek its partner's confidential information such as bribing the directors and staff of its competitors, etc.
4. Not destroy competitor's reputation by negative accusing

Policy on Trade Partner Treatment

1. Treat trade partner which recognized as its alliance and major success factor equally and consider for mutual benefit
2. Select trade partner transparently, systematically with standard as well as develop and maintain relationship sustainability with trade partner and contract partner
3. Trustworthiness with each other
4. Perform strictly under policy of partner treatment by selecting only standard partner and comparing price before order product and assess partner with international standard criteria

Policy on Creditor Treatment

1. Perform equitably and fairly to creditors and be based on fair benefit for both parties.
2. Perform according to the agreement or other conditions as agreed. If the Company could not meet any condition, the Company has to inform partner and/ or creditor in advance in order to find the solution together.
3. Under business negotiation, the Company shall avoid requesting, receiving or hiring for any dishonest benefits.
4. If there is any requesting, receiving or hiring for any dishonest benefits, the Company shall disclose to creditors and find out fair and rapid solution together.
5. Regularly report correct, complete and on-time financial statements to the creditors.

Policy on no violation of human rights of related parties

- 1 The Company shall not prevent or not offer privilege or treat unfairly to any person.
- 2 The Company shall not discriminate against any person because of his race, nationality, religion, gender, age, or education institution.
- 3 The Company considers right of employees with regard to body, asset and safety.
- 4 The Company provides freedom to employee to participate in politics under democracy.

Policy on no violation of intellectual property or copyright

- 1 The Company shall not violate intellectual property, patent and trademark of any person.
- 2 The Company's staff has duties to keep confidential of commercial information and business operating methodology of the Company, customers and partners.
- 3 The Company's staff has to employ computer for work not for other thing which is illegal, or against ethics, culture and tradition.
- 4 The Company's staff has to use legal software license and the Company do not allow for installation or utilization of illegal software license.

Corruption Policy

The improper giving of gift, asset or other benefit may cause supportive image or commitment which may affect the decision making in performing duty and the Company may loss its benefit eventually. Therefore, the Company does not allow such transaction. Thus, it has set up the policy of giving or accepting gift, asset or other benefit in its business ethics and be guideline to perform. In the previous year, the Company has operated various activities with regard to corruption as follows:

- No corruption transaction or morality violation
- No director resignation caused by the Company's corporate governance
- No negative reputation from failure of Board of Directors' duties in corporate governance

Policy for the Society and Community Responsibility

1. Be responsible for and assure that the environment and local tradition where the organization located shall be maintained.
2. Consistently arrange or participate in society, community and environment activities in order to improve the community and the quality of life by the Company's itself as well as cooperation with government and community.
3. Prevent accident and control waste at the lower level than the accepted standard.
4. Promptly and efficiently respond to the incident that affects the environment and community caused from the Company's operation providing full cooperation with government staff and related parties.
5. Encourage the Company's staff to have consciousness and responsibility for its society and environment under environment management (ISO 14001) as well as utilize resources efficiently.

4. Disclosure and Transparency

The Board of Directors shall ensure that all relevant information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently through the SET's channel and the Company's website. Such information will be consistently updated so that the investor and related party have sufficient and equal information for the decision.

The material information both financial and non-financial that have to be disclosed are as follows:

1. Annual statements (Form 56-1) and annual report
2. Corporate Governance policy and the result of the policy implementation
3. Policies on environmental and social issues and the implementation of such policies
4. A statement of the Board of Directors' responsibilities concerning the Company's financial reports presented alongside the auditor report of the Company's annual report
5. Disclosure of the roles and responsibilities of the Board of Directors and other committees, including the number of the meetings and attendances of each director
6. Disclosure of the remuneration of the Board of Directors and the executives

Besides, the Company has set up the Investor Relation unit to communicate and promote useful information to the shareholders, investors, analysts and general public through various channels including analyst meeting, conference call as well as answer questions through phone and the Company's website, etc.

In 2014, the Company improved its website to enable foreign and Thai stakeholders to have access to the information of the Company and the Company presents the information, both directly and indirectly, as follows:

- Information presentation in the Festival "Listed Companies Meet Investors";
- News distribution in the case where the Company has essential investment or business activities;
- Issuing the performance news documents;
- Visiting the Company or talking with the management of the Company;

Analyst and Investor Meeting



The Company has always taken part in the activities arranged by in the Festival "Listed Companies Meet Investors" on the first day.

5. Responsibilities of the Board of Directors

The Board of Directors plays an important role in corporate governance for the best interest of the company. The Board of Directors possesses leadership, vision, and independence in making decisions for the best interest of the company and all shareholders. The Board clearly separates its roles and responsibilities from those of management and monitors the Company's operations to ensure all activities are conducted in accordance with relevant laws and ethical standards. The Board of Directors also independently participates with the management in setting the Company's vision in order to determine the short-term and long-term plan, financial policy, risk management including the overall appearance. Besides, the Board governs the management to operate the Company effectively and efficiently in relation to the business plan such as establishment of the internal control system, performance assessment of the Company's group, etc. by considering the utmost benefit for its shareholders. The Board continuously has meeting to discuss the business direction and be the originator to support major actions such as human resources development policy, environmental development policy and culture of innovation establishment. The Board also realizes the importance of the attending the useful seminars including exchanging ideas with the management from other organizations in order to bring the knowledge to improve the Company's group. The Company shall inform general information to the directors who be appointed in the first time and be responsible for expenses for the directors who attend any useful seminar to improve their performance as the directors.

Corporate Governance Policy and Business Ethics

The Board of Directors has set the written corporate governance policy and business ethics, therefore, directors, executives and all staff shall realize the ethics standard which the Company using to operate the business. Besides, the Board of Directors shall constantly review the policy and performance according to the policy at least once a year as well as monitor the operation to operate according to the policy.

The Company has set the operation frame for corporate governance and business ethics for various aspects as follows:

1. The Company's directors, executives and all staff have to confidently and faithfully operate business in accordance with the Company's corporate governance policy and business ethics.
2. The Company's directors, executives and all staff shall convey the corporate governance policy and business ethics to operate and manage business at all levels.
3. The Company's directors, executives and all staff shall adhere to the fairness and equal treatment to all stakeholders and perform for the benefit of the Company at the utmost capability with loyalty, transparently and be able to examined.

The Company is aware that having a good policy without strict implementation is not good for the organization; therefore, the Company promotes the good corporate governance, as follows:

- Provide training on good corporate governance;

- The President takes part in disseminating the good corporate governance by being invited as expert to convey the policies of and experiences in good corporate governance in a variety of occasions.



Dr. Somchai Thaisanguanvorakul, the President, joins the Activity “CEO CG Talk: As Prototype of Tangible CG Implementation to Create Sustainability for Good Corporate Governance;

Leadership, Vision and Mission

The Board of Directors supervises for the establishment of vision, mission, target, policy, direction, long-term strategy, plan, budget and the corporate governance policy. The Board of directors assigns the executives to propose and the Board of Directors shall express the opinion and discuss with executives to get the same opinion before approval consideration. The Board of Directors appoints the Chairman of the Executive Committee and Managing Director to be responsible for its strategy development and to implement such strategy. The Board of Directors also considers and clearly determines scopes, duties and responsibilities among the Board of Directors, subcommittees and the management.

Policy of its director to be director of other listed company

The Board of Directors has opinion that to ensure that the director can devote his time to govern the Company efficiently, such director should not be director of more than 3 listed companies and has to disclose details of appointment of each director in annual statement (Form 56-1) to notify shareholders. Such details can be able to see in SET website (www.set.or.th). At present, there are 2 directors who are directors of other listed companies more than 3 companies. However, such appointment has no affect to their duties as the Company’s directors. Policy of its director to be director of other company

To ensure the performance efficiency as the Company’s director, the Board of Directors has set policy that its director can be director of other company not more than 5 companies and has to disclose details of appointment of each director in annual statement (Form 56-1) to notify shareholders. Such details can be able to see in SET website (www.set.or.th). At present, there are 5 directors who are directors of other companies more than 5 companies. However, such appointment has no affect to their duties as the Company’s directors. There are 3 directors who are the directors of the Company’s subsidiaries

Policy of its managing director to be director of other company

The Board of Directors has set the policy of its managing director to be director of other company which the managing director has to inform the Executive Committee for an approval prior to be director of other company and such company has not been operated in the same business as the Company or competed with the Company.

Board of Directors' structure

1. In order to balance operation power, the Company has separated position of Chairman of the Board of Director and Chairman of Executive Committee which such positions will not to be the same person. The Company's Chairman of the Board of Directors is an independent director and has no relationship with management.
2. The members of the Company's Board of Directors consisted of 10 persons, comprised of 3 executive directors, 7 non-executives director and 6 of them are independent directors according to the Company's Articles of Association which indicated that the Company shall maintain at least 5 directors at all time and the good corporate governance of which at least 1/2 of the entire Board of Directors have to be the independent directors.
3. The Company has clearly set term of service of directors to be in line with the principles of good corporate governance for listed companies and regulations of the SET as follows:

At every Annual General Meeting, one third of the directors who serving longest term shall retire from the office. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors who retire from the position may be re-elected from the shareholders' meeting. Term of service of each director is 3 years. In case any vacancy occurs for any reasons except for retirement as a result of the expiration of the director's term of service, the Board of Directors shall elect a person who possesses qualification and does not prohibit by law to be director and new director's term of service will be for the remaining term of service of such retired director. Such appointment has to be approved by the Board of Directors with the vote not less three quarters of the number of remaining directors.

4. The Company clearly determines the qualifications of the Audit Committee
5. The Board of Directors limits the number of years to be appointed as independent director for not more than 6 years.

Sub-Committee

1. Besides the Audit committee which is required by the regulations of the SET, the Company has arranged sub- committee for good corporate governance which are

Audit Committee

Audit Committee is responsible for correctness, accuracy and reliability of the Company's financial statements, sufficiency of internal control system, performance in accordance with the laws

governing Securities and Exchange or laws concerning the business of the Company and providing opinion of the appropriateness of auditor and conflict of interest transaction.

Risk Management Committee

Risk Management Committee is responsible for determining strategy, controlling, supervising, monitoring and evaluating the risk management and also preparing warning system for all types of risk management to be at acceptable level and in accordance with the Company's risk management policy.

Remuneration and Nomination Committee

Remuneration Committee is responsible for setting the criteria independently and fairly for the appropriate and necessary remuneration, both financial and non-financial for the Board of Directors, Committees, Executive Committee and the management of the Company for each year. Is responsible for selection the candidates who will be appointed as the Board of Directors and the Company's management including arranging procedure those shareholders can participate in director selection and appointment and then presents the candidate to the Board. The Board will present to the shareholders' meeting for appointment.

CSR and CG Committee

CSR and CG Committee are responsible for monitoring and supervising the Company's business operation to be in accordance with corporate governance and corporate social and environment responsibility.

Executive Committee

Executive Committee is responsible for monitoring and supervising the Company to perform in accordance with its strategy and business trend as well as build up the same working system of the Company and its subsidiaries.

2. The majority of the committee members are the independent directors for the transparency and independently operation
3. The Chairman of the Board of Directors and the Chairman of the Executive Committee are not the Chairman or member of any committee for independent operation of each committee.
4. In order to ensure the performance of subcommittee to be efficient and achievable of its duties and responsibilities as assigned by the Board of Directors, the subcommittee should have meeting at least twice a year to consider, consult and manage any aspects to accomplish its own responsibility.

Scopes and duties of the Board of Directors and the Management

The Board of Directors has clearly divided duties and responsibilities between the Board of Directors and the management. The Board also regulates that the Chairman of the Board of Directors and the Chairman of the Executive Committee have to be difference person and the scope, authorities and duties have to be separated clearly in order to balance between management and good corporate governance.

Development of directors and executives

The Board of Directors supports the training and knowledge providing to persons who related to the corporate governance system of the Company such as directors, audit committee, executives, the secretary of the Board of Directors, internal audit unit, SET contact person and the secretary of the Company, etc. in order to consistently improve the efficiency of performance and the work.

Currently, there are 9 of 10 directors attending training in the course in relation to the roles and functions of directors. In 2014, the director attending the training provided by Thai Institute of (IOD) was Dr. Somchai Thaisanguanvorakul

Orientation of new director

The Board of Directors has determined that all new directors have to attend the orientation in order to understand business as well as operation of the Company to be ready to perform duty as its director. Besides, the Company has policy to strengthen knowledge and new view points of all directors for corporate governance, industry condition, technology, new innovation in order to support their performance to be directors promptly and efficiently.

In 2014, there were 4 new directors passing job orientation upon February 3 2015

Board Meetings

1. The Board of Directors shall set its meeting schedule in advance and notify each director of the schedule so that each member of the board can manage time to attend the meetings. In case of emergency, the Company may call for an additional meeting

The Company determines the Schedule of 2015 Board of Directors Meeting in advance, as follows:

No. 1/2558 Tuesday, Feb 3, 2015	No. 4/2558 Wednesday, August 5, 2015
No. 2/2558 Wednesday, May 6, 2015	No. 5/2558 Wednesday, November 4, 2015
No. 3/2558 Wednesday, June 10, 2015	No.6/2558 Wednesday, December 2, 2015

2. The minimum quorum of the committee to vote at the meeting. Must be present for at least 2 out of 3 of its members.
3. The Chairman of the Board and the Chairman of the Executive Committee should set the Board meeting agenda together and ensure that all important issues are already included. Each member of the Board should be free to propose an issue for a meeting agenda.
4. Meeting documents should be sent to each director in advance of the meeting date. The document should be concise, with all relevant information. Any confidential issues should be brought to discuss during the meeting.
5. The Chairman of the Board should appropriately allocate the meeting time for complete management's presentation and comprehensive directors' discussion. The Chairman should encourage careful consideration in the meeting.

6. The Board should have access to additional information, under a prearranged condition, via the managing director, the company secretary or the executive designated as a contact person.
7. Non-executive directors should be able to meet, as necessary, among themselves without management team in order for them to debate their concerns. The meeting outcome should be notified to the Managing Director, in 2557 the non-executive directors meeting two times.

In 2014, Board Meetings is following

No.	Name	Position	Meeting year 2014					
			Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	CSR and CG Committee
1	Mr. Satit Chanjavanakul	Chairman of the Board of Directors	6/6	-	-	-	-	-
2	Dr. Somchai Thaisa-nguanvorakul	Chairman of Executive Committee	6/6	-	-	-	2/2	-
3	Mr. Wisan Wuttisaksin	Independent Director	6/6	-	2/2	-	-	-
4	Mr. Chaisak Ankasuwan	Independent Director (appointment 3 April 2014)	4/6	3/4	-	-	-	-
5	Mr. Surasak Khaoroptham	Director	5/6	-	-	-	2/2	-
6	Mr. Somboon Gurdlin	Director	6/6	-	-	-	-	2/2
7	Mr. Samitt Palitagram	Director	6/6	-	-	2/2	-	2/2
8	Prof. Dr. Boonton Dockthaisong	Independent Director (Resignation 25 December 2014)	5/6	-	-	-	-	-
9	Mr. Anawat Nawintham	Independent Director (Resignation 25 December 2014)	5/6	4/4	-	2/2	2/2	-
10	Mr. Surapol Yamkasem	Executive Committee (Resignation 25 December 2014)	6/6	-	2/2	-	-	2/2
11	Mr. Somchai Ngamkitcharoenlap	Executive Committee (Resignation 25 December 2014)	6/6	-	-	-	-	-
12	Dr. Srimuang Charoensiri	Independent Director (Resignation 11 February 2014)	1/1	1/4	1/1	-	-	-
13	Mr. Sukit Panvisavas	Independent Director (Resignation 4 November 2014)	2/5	1/4	-	2/2	-	-
14	Mr. Suchat Boonbanjerd Sri	Independent Director (appointment 25 December 2014)	-	-	-	-	-	-
15	Mrs. Chanisa Chutipat	Independent Director (appointment 25 December 2014)	-	-	-	-	-	-
16	Pol.Gen.Maj. Nopsak Poovatanasedj	Independent Director (appointment 25 December 2014)	-	-	-	-	-	-

Board Self-Assessment

The Committee has managed to have self-assessment by the committees and also individual assessment and performance evaluation for CEO. The procedures for those assessments include the following:

1. Selection Committee and Remuneration Committee review the assessment form to ensure its completeness and compliance with the criteria and requirements.
2. The Committee evaluates performance on yearly basis.
3. The Secretary summarizes the assessment and reports to the Board.
4. The Committee causes to have improvement of working system to achieve more effectiveness.

Board of Directors Assessment

Board of Directors assessment aims to employ the assessment to improve the Board's performance.

The assessment criteria are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The Board of Directors conducts the Board self assessment annually to discuss and consider the performance and problem for further improvement. The topics of the self assessment are clearly defined in order to be benchmark for performance comparing.

The Board Self-Assessment comprises of 6 topics which are structure and qualification of the Board, scope, duty and responsibility of the Board, the Board's meeting, the Board's duty, the relationship with the management and the development of the directors and executives.

The summary outcome of the overall Board Self-assessment of 6 topics was shown that most of the operations were excellent and proper.

Sub-Committee Assessment

The Board of Directors has set Sub-Committee Assessment annually in addition to the assessment of the entire Board of Directors. The assessment criteria in 2014 are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The summary outcome

- Audit Committee was shown that most of the operations were excellent and proper

- Remuneration and Nomination Committee was shown that most of the operations were excellent and proper
- Risk Management Committee was shown that most of the operations were excellent and proper
- CG & CSR Committee was shown that most of the operations were excellent and proper

Individual Assessment

Besides, the Board of Directors has set the individual assessment annually in addition to the assessment of the entire Board of Directors. The assessment criteria in 2014 are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The result of the assessment in 2014, each director is qualified and has performed duties and responsibilities excellently and properly in accordance with director guideline.

Chairman of Executive Committee Assessment (CEO)

The Board of Directors will assess performance of Chairman of Executive Committee annually by comparing to target achievement at the Company level and capability at the individual level.

Risk Management

The Board of Director determines the risk management policy for the organization by assigning the management to implement and report to the Board of Directors regularly. The Board of Directors shall review the risk management system and assess the effectiveness of risk management at least twice a year and whenever there is a change in risk level and shall focus on early warning signs and unusual transactions.

In 2014, the Board of Directors analyzed and assessed the risk of each business unit with the related departments and set the measurement to manage/control the risk of each unit. Such risk management plan was brought to discuss in the meeting of the Board of Directors and the progress report of the performance according to the plan would be considered regularly. The details of the major risk and risk management are shown in section risk factors.

9.2 Sub-committee

The Company has set up 5 sub-committees which are Audit Committee, Risk Management Committee, Remuneration and Nomination Committee, CSR and CG Committee and Executive Committee and clearly set up the scope of duties and responsibilities of each committee.

9.2.1 Audit Committee

The members of the Company's Audit Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Suchat Boonbanjerd Sri	Chairman of the Audit Committee	Independent Director with accounting and finance knowledge
2.	Mrs. Chanisa Chutipat	Audit Committee	Independent Director with accounting and finance knowledge
3.	Mr. Chaisak Ankasuwan	Audit Committee	Independent Director

Scope of duties and responsibilities of the Audit Committee

1. Ensure that the Company maintains accurate and sufficient financial statements.
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, determine the independence of the internal audit unit and approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of the internal audit.
3. Ensure that the Company performs in accordance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company.
4. Consider, select and nominate an independent person to be the Company's auditor and propose such person's remuneration, as well as attend a non-management meeting with an auditor at least once a year.
5. Consider the connected transactions, or the transactions that may lead to conflict of interest according to the notifications and regulation stipulated by the SET and ensure that such transaction is reasonableness and for the utmost benefit of the Company.
6. Prepare the report of the audit committee and disclose in the Company's annual report, such report has to be signed by the chairman of the audit committee and consisted of at least the following information:
 - 7.1 an opinion on the accuracy, completeness and creditability of the Company's financial report
 - 7.2 an opinion on the adequacy of the Company's internal control system
 - 7.3 an opinion on the compliance with the law governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company
 - 7.4 an opinion on the appropriateness of an auditor
 - 7.5 an opinion on the transactions that may lead to conflict of interest
 - 7.6 the number of the audit committee's meetings and the attendance of such meetings by each committee member
 - 7.7 an opinion or overview observation from the audit committee which perform in accordance with the charter

7.8 other transactions that the shareholders and general investor should be known based on its scope of duties and responsibilities assigned by the Company's board of directors

7. Perform any matters as assigned by the Board of Directors with the approval from the Audit Committee

In 2014, there were meetings of audit committee with external auditor and accounting function for the quarterly review of the Company's financial statements and annual audit of the financial statement and were reported to the Board of directors subsequently.

9.2.2 Risk Management Committee

The members of the Company's Risk Management Committee are as follows:

No.	Name	Position	Qualifications
1	Dr. Somchai Thaisa-nguanvorakul	Chairman of Risk Management Committee	Director
2	Mr. Samitt Palitagram	Risk Management Committee	Director
3	Mr. Somboon Gurdlin	Risk Management Committee	Director

Scope of duties and responsibilities of the Risk Management Committee

1. Determine policy and operation guideline for all types of risk management of the Company.
2. Set up the risk management structure, determine risk management strategy and prepare warning system for all types of risk in order to manage the risk at the acceptable level and in accordance with the Company's risk management policy.
3. Control, supervise, monitor and evaluate the performance to review and develop the efficiency of risk system as well as analyze and evaluate risk factors both internal and external that might occur and the effect to the Company's business operation.
4. Perform any matters as assigned by the Board of Directors

9.2.3 Remuneration and Nomination Committee

The members of the Company's Remuneration and Nomination Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Wisan Wuttisaksin	Chairman of the Remuneration and Nomination Committee	Independent Director
2	Mr. Chaisak Ankasuwan	Remuneration and Nomination Committee	Independent Director
3	Pol.Gen.Maj. Nopsak Poovatanasedj	Remuneration and Nomination Committee	Independent Director

The term of office of the Remuneration and Nomination Committee is 3 years.

Scope of duties and responsibilities of Remuneration and Nomination Committee

1. Consider the remuneration scheme guideline in terms of financial remuneration and other remuneration for the Board of Directors and propose to the shareholders' meeting for an approval.
2. Consider the remuneration scheme guideline in terms of financial remuneration and other remuneration for other committee including Executive Committee and executives and propose to the Board of Directors for an approval.
3. Ensure that the system for appropriate remuneration payment for executive be put in place in order to motivate for both short-term and long-term.
4. Report directly to the Board of Directors and has responsibility to provide any explanation regarding the remuneration of the Board of Directors in the shareholders' meeting.
5. Report the remuneration scheme policy of the Board of Directors and disclose in the annual report.
6. Perform any matters as assigned by the Board of Directors.
7. Formulate selection criteria for qualified candidate to be the Board of Directors as well as select the qualified candidate, present to the Board of Directors for proposing to the shareholders' meeting for appointment further.
8. Formulate selection criteria for qualified candidate to be the executive as well as select the qualified candidate and propose to the Board of Directors for an approval.
9. Consider and determine knowledge and capability of director for nomination based on skill lacking of the member of Board of Director.

9.2.4 CSR and CG Committee

The members of CSR and CG Committee are as follows:

No.	Name	Position	Qualifications
1	Dr. Somchai Thaisa-nguanvorakul	Chairman of CSR and CG Committee	Director
2	Mr. Samitt Palitagram	CSR and CG Committee	Director
3	Mr. Somboon Gurdlin	CSR and CG Committee	Director

Scope of duties and responsibilities of CSR Committee and CG Committee

1. Propose policy related to corporate governance and corporate social and environment responsibility to the Board of Directors.
2. Monitor and supervise the Company's operation in accordance with the corporate governance of governing agencies such as the Stock Exchange of Thailand, Securities and Exchange Commission, etc. with social and environment responsibility.
3. Regularly consider and review policy related to corporate governance and corporate social and environment responsibility according to the international practice and related agencies.

4. Recommend supervision of Code of Conduct and Code of Best Practices of executives.
5. Support good corporate governance culture and be part of social and environment activities in order to sustain the development and make it understandable in all levels and has result from the operation.
6. Perform any matters as assigned by the Board of Directors.

9.2.5 Executive Committee

the members of the Company's Executive Committee are as follows

No.	Name	Position
1	Dr. Somchai Thaisa-nguanvorakul	Chairman of Executive Committee
2	Mr. Samitt Palitagram	Vice Chairman of Executive Committee
3	Mr. Somboon Gurdlin	Vice Chairman of Executive Committee

Scope of duties and responsibilities of Executive Committee

Duties and responsibilities of Executive Committee

1. Provide advices and recommendations to the Chairman of the Executive Committee on major matters concerning corporate strategy, business direction, investment, budget, resources allocation for the Company and its subsidiaries and build up the same working system for all companies under the group.
2. Prioritize the decisions that have been made by the Board of Directors to ensure the effective implementation.
3. Carefully review the meeting agendas prior to presentation to the Board of Directors.
4. Approve any financial transactions in the amount of not more than Baht 50 million including any expenses occurring upon normal business operation, investment, capital expenditure or fixed assets, borrowing, lending, debenture issuance, cash management in form of depository, borrowing, procurement for foreign exchange and interest rate risk management, including providing any collateral to back the loans or credit.
5. Prioritize the human resources and financial resources allocation for the Company and its subsidiaries.
6. Monitor the performance of the Company and ensure that it has been in line with the approved business plan.
7. Establish business administration standard, human resource management, information management, and the organizational structure for the Company and its subsidiaries.
8. Clearly specify the human resources management policy.
9. Clearly specify the risk management policy.
10. Prohibit directors, executives and employees to engage in trading of the shares of the Company and its subsidiaries by using material information that has not yet been disclosed to the public for personal or other interest. Furthermore, according to the Company's code of ethics, directors, management and employees shall prevent from trading the shares of the Company and its subsidiaries one month prior to the public announcement of financial statements

Duties and responsibilities of the Chairman of the Executive Committee

The Chairman of the Executive Committee is responsible for managing the Company to be in line with the policy, target, budget and plan approved by the Board of Directors upon trustworthiness and due care basis and ensures that the interest of the Company and shareholders has been taken care properly. The duties and responsibilities of the Chairman of the Executive Committee include the followings matters:

1. Determine mission, objective, guideline and policy of the Company's group including administer overall operation, product and relationship with customers and report directly to the Board of Directors
2. Ensure the preparation and submission of business policy of the Company's group, including the business plan and budget, to the Board of Directors for approval, and report work progress according to the approved plan and budget to the Board of Directors every 3 months
3. Ensure the operation implementation in relation to the policy, plan, and budget approved by the Board
4. Be the authorized person to manage the Company's group according to its objectives, Articles of Association, policy, guideline, as well as the resolution adopted at the Board of Directors' meeting and/or the shareholders' meeting
5. Be the authorized person to order, contact, command, implement, and sign legal contracts, documents, orders, announcements, or any correspondence with government agencies, state enterprises, or other parties; and engage in any necessary and appropriate action that would facilitate the abovementioned duty
6. Assign power of attorney and/or delegate specific tasks to other persons, provided that such assignment and/or delegation comply with the power of attorney and/or rules, regulations, or directives of the Board and/or the Company

The Managing Director is assigned to be able to approve any expenses or any payment at the amount of not more than 20 million baht per time. Any expenses or payments at the amount of more than 20 million baht have to be approved by the Executive Committee. Besides, the Company's authorized directors are Dr. Somchai Thaisa-nguanvorakul jointly with Mr. Surapol Yamkasem or Mr. Samitt Palitagram or Mr. Somboon Gurdlin, one of the directors totaling 2 persons are authorized to sign on behalf of the Company with the Company's seal affixed.

The above authorities of the Chairman of the Executive Committee cannot be made if there is any conflict of interest resulting from the Chairman of the Executive Committee exercising of his authority.

9.3 Director and High-Level Executive Nomination

The Board of Directors has appointed Nomination Committee and Remuneration Committee to nominate, select and propose qualified person to be Chairman of the Board of Directors, Director, Sub-Committee, and Chairman of Executive Committee, High-Level Executive and Company Secretary as well as consider the appropriate remuneration in accordance with duties and responsibilities. With regard to director nomination, if

there is a vacancy on the Board of Directors for any reason, the Nomination and Remuneration Committee will nominate qualified person and propose to the Board of Directors for an approval. In case of the appointment of new director or to replace director who is retired from office, the Nomination and Remuneration Committee will nominate qualified person and propose to the Board of Directors for consideration and propose to the shareholders' meeting for consideration further. Besides, the Company provides opportunity to shareholders to vote for each director appointment. The Board of Directors will propose director one by one for shareholders to vote, therefore, the shareholders can vote for their preferred director. With regard to Audit Committee nomination, the Nomination and Remuneration Committee shall nominate, select qualified person in accordance with qualifications of independent director as specified by the Board of Directors which in line with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) to be its independent director. Besides, the Board of Directors has appointed sub-committees to lessen Board of Directors' burden with regard to examination or consideration of important matters to the Company. Sub-committees comprise of Executive Committee, Audit Committee, Risk Management Committee, CG&CSR Committee and Nomination and Remuneration Committee. The appointment to be member of sub-committee has to pass the nomination and selection by the Nomination and Remuneration Committee and propose to the Board of Directors for consideration further.

To fill up vacant director position, the Committee needs to consider basic qualifications as follows:

1. Hold qualifications and do not have any prohibited characteristics provided in the law relating to public company limited and also show no characteristics that may not deserve confidence from the shareholders in performing his/her duty in managerial position as announced by the Securities and Exchange Commission.
2. Hold knowledge, skill, experiences and other required expertise deemed appropriate by the Committee.
3. Can fully devote him/herself to the Company's business especially for decision making on critical issue and always do any act for the best interest of the Company.
4. Competency sought by the Company is based on missing skills required by the Committee by using Skill Matrix.

Board skill matrix		skill matrix										
No.	Name	Business / Management	Direct the industry	Indirect the industry	Strategic planning	Law	BOI	accounting	Finance - Investment	MIS	Other	
1	Mr. Satit Chanjavanakul	•		•	•		•					
2	Dr. Somchai Thaisa-nguanvorakul	•	•		•	•		•	•			
3	Mr. Somboon Gurdlin	•	•		•	•						
4	Mr. Samitt Palitagram	•	•									
5	Mr. Suchat Boonbanjerdri	•		•	•			•	•			
6	Mrs. Chanisa Chutipat	•			•			•	•	•		
7	Mr. Chaisak Ankasuwan	•			•	•						
8	Mr. Wisan Wuttisaksin			•		•					•	Import - Export and Customs Control
9	Pol.Gen.Maj. Nopsak Poovatanasedj			•	•							
10	Mr. Surasak Khaoroptham	•			•				•			

Succession Plan for High-Level Executive

The Company realizes the necessity and importance of the succession of high-level executive. If there is a vacancy of executive, the Company will appoint the Nomination and Remuneration Committee to nominate, select and propose qualified person to be director and high-level executive. The Company also prepares succession plan for high-level executive by selecting person to perform duty of such position and develop that person to be ready for that position in the future in order to ensure investor, shareholder and staff that the operation of the Company can be passing on promptly.

The Company has set forth the guideline for work continuation as follows:

1. CEO/Managing Director

When CEO/MD has been vacant or the person holding such position cannot perform his/her functions, the Company shall appoint the executive of similar or vice position to temporarily hold that position until completion of the selection and recruitment process to get qualified person to act in that position.

2. Executive committee

When executive position has been vacant or the person holding such position cannot perform his/her functions, the Company shall:

1. Evaluate its manpower adequacy to meet short and long term strategies.

2. Develop plan for personnel preparation through personnel development and selection plan.
3. Develop plan for selection and training in advance.

Select, evaluate work results and performance of individual employee for the purpose of promotion

9.4 Corporate Governance of subsidiaries and associates

Directors of subsidiaries and associates together with the management operate such entities. The person appointed to be director of subsidiary or associate has duties to perform for the utmost benefit of such subsidiary or associate (not for the Company)

In case of subsidiary, the person appointed by the Company has to supervise such subsidiary to have regulations with regard to connected transaction in accordance with the Company. Document filing and accounting record can be examined by the Company and be able to collect to prepare for consolidated financial statements in time.

9.5 Control of Inside Information

To monitor the exploiting the inside information, the Company has set the strict measurement especially for inside information which has not been published or information which will affect the Company's business operation or share price. Details of the policy are as follows:

1. Directors and staff shall avoid using inside information or disclosing information for personal interest for trading the Company's shares.
2. Directors and management has to report the trading of the Company's shares to the secretary of the Company promptly in order to prepare shares holding report to SEC. Directors and management has to report the change of shares holding in the Board of Directors' meeting quarterly in order to prevent the shares trading using inside information and accusation of inappropriate shares trading by inside personnel.
3. Inside persons shall prevent the trading of the Company's shares one month prior to the disclosure of financial statements or the Company's status, including other material information and should wait at least 24 hours after the public disclosure to be able to trade the Company's shares.

Besides, the Company has set the penalty in the Company's regulation for any breaches in using the inside information for person interest ranging from warning to dismissing.

9.6 Audit Fee

1. Audit Fee of 2013

The Company and its subsidiaries, Associates, Jointly-controlled entity paid the audit fees the latest accounting period at the total amount of THB 3,750,000 (Three million Seven hundred fifty thousand baht) comprising of:

1) Paid to KPMG Phoomchai Audit amount of THB 3,540,000	
SNC Former Public Company Limited	800,000 Baht
<u>Direct subsidiaries</u>	
SNC Pyongsan Evolution Company Limited	400,000 Baht
SNC Cooling Supply Company Limited	450,000 Baht
Immortal Part Company Limited	450,000 Baht
Toptech Diamond Tool Company Limited	210,000 Baht
Paradise Plastic Company Limited	150,000 Baht
SNC Creativity Anthology Company Limited	100,000 Baht
SNC Fukui Holy Insulation Company Limited	80,000 Baht
SNC Atlantic Heat Pump Company Limited	80,000 Baht
Meisou SNC Precision Company Limited	50,000 Baht
International Techno Pipe Company Limited	50,000 Baht
<u>Indirect subsidiaries</u>	
Ultimate Part Company Limited	250,000 Baht
Infinity Company Limited	170,000 Baht
<u>Associates</u>	
Fuso Industries Company Limited	130,000 Baht
<u>Jointly-controlled</u>	
SSM Automation Company Limited	170,000 Baht
Total	<u>3,540,000 Baht</u>
2) Paid to EY audit of THB 3,540,000	
<u>Associates</u>	
SNC Atlantic Water Heater Asia Company Limited	210,000 Baht

2. Non-Audit Fee

The Company and its subsidiaries have not received any other services from the office of the auditor or person or entity that related the auditor and the office of the auditor* during the latest accounting period.

* Person or entity that related to the auditor and the office of the auditor includes:

1. Spouse and children under support of the auditor
2. Juristic person that has control over the office of auditor, juristic person that is under control of the office of auditor and juristic person that is under the same control of the office of auditor both direct and indirect control
3. Juristic person that is significantly controlled by the office of auditor
4. Partner or equivalent of the office of auditor
5. Spouse and children under support of person in (4)
6. Juristic person that the auditor, person in (1), (4) or (5) has significant control power over both direct and indirect control

10. Anti-corruption

SNC Former Public Company Limited's idealistic business conduct is to adhere to moral principle, social and stakeholders responsibility in accordance with good corporate governance and business ethics as well as policy and approach toward such stakeholders. In 2014, the Company joined the campaigns initiated by Thai private sector concerning anti-corruption with an aim to reflect its intention and determination to combat all forms of corruption.

To ensure that the Company has put in place policy assigning duties and responsibilities, guideline and requirements for proper action against corruption in relation to all of the Company's business transactions and to allow business decision making and implementation subject to risk of corruption to be prudently reviewed and conducted, the Company has therefore developed "Anti-Corruption Policy" in writing in order to set forth clear guideline for business conduct toward sustainable organization.



November 5, 2014, the management and every employee jointly took an oath to counter the habit-forming drugs and corruption.

Anti-Corruption Policy

1. The Company's director, executive and employee shall refrain from receiving or otherwise supporting any form of corruption whatsoever. directly or indirectly, in the company group. Compliance with anti-corruption policy shall be audited on regular basis while the practical guideline shall be reviewed to ensure compliance with rules and regulations, requirements, announcement, law and changes in business environment.
2. The Company shall develop measures against corruption to be in accordance with related laws and moral principle and cause to have risk assessment of any activity probably exposed to corruption.
3. The Company shall not bribe or support any form of bribery for any activity and shall strictly control donation to political party that has to be transparent and without an intention to persuade any public or private officer to do any unlawful act.
4. The Company shall always provide proper internal control in order to prevent its staff from doing any improper act especially such relating to sale, marketing and purchasing.
5. The Company shall provide mechanism for transparently and accurately financial status reporting.
6. This anti-corruption policy shall also cover procedures for personnel management ranging from selection and recruitment committee, promotion, training, performance evaluation and remuneration and reward.

Guideline for Anti-corruption

The Company's director, executive and employee shall strictly adhere to anti-corruption policy and business code of conduct and refrain from involving in any corruption, directly or indirectly, as follows:

1. Shall not do any act possibly perceived as bribing or taking bribery from interested person regarding the matter one is responsible for, directly or indirectly, in order to misappropriate any unlawful interest and in particular:
 - 1.1 Shall not receive or give present, souvenir, in **cash, cheque, bond, stock, gold, jewelry, immovable property or similar item** from or to person one has contacted or involved with in relation to the work either in public or private sector.
 - 1.2 Shall not receive property, thing, present or any reward or any other benefit that may lead to omission of one's duty. It is significant that before taking any souvenir, ensure that one has been in compliance with the law and the Company's regulation and such present or souvenir given in relation to business relationship should not be expensive and appropriate for the occasion in which such item is given.
 - 1.3 Shall not give other person any property, item, present or souvenir or any other benefit in order to influence his/her decision making or cause such other person to fail to observe trade practice applied to other trading partners. Item given on special occasion shall not have excessive value.
 - 1.4 Shall not act as a middleman aimed at offering money, property, item or any other benefit to related party, government agency or any organization in exchange of certain unjust privilege or

in order to induce a state officer to omit or neglect observance of rules and regulations and legal provision.

2. In respect of purchasing, shall follow the Company's procedures to ensure transparency and accountability.
3. Expenses for customer entertainment and other costs and expenses necessary for compliance with business contract may be allowed provided that they are reasonably paid and available for review.
4. Charitable donation shall be done as follows:
 - 4.1 The Company's money or property disposed for charitable contribution shall be made under the Company's name only. Such charitable organization shall be the foundation, charitable organization, monastery, hospital, healthcare facilities or any other organization for public good that can produce certificate or other traceable document proving its credibility and the contribution must be done by referring to the Company's regulation and procedure.
 - 4.2 Charitable contribution under individual name may be done unless it is not related to or may be suspicious of corrupted act for unlawful benefit.
5. Financial support shall be provided subject to the following:
 - 5.1 To allocate the Company's money or property for supporting any project, it is required to be done under the Company's name and solely for business purpose or the Company's image or reputation. Disbursement shall be done only when clear objective is stated supported by credible evidence and under the Company's procedures.
6. Shall not do any act relating to political activity in the Company's premises and shall not use any of the Company's resources for such activity. The Company shall maintain political neutrality and support legal compliance and democratic regime of government and have no policy on giving support, directly or indirectly, to any political party.
7. If any act or practice is found to be suspicious of corruption and possibly involve the Company whether directly or indirectly shall not be neglected and notified to the executive committee, managing director or vice chairman of executive committee immediately or otherwise reported to available channels for complaint notification as provided hereunder.
8. Directors and executives shall realize the significance of dissemination, public relation, consultation, understanding establishment among subordinates relating to anti-corruption policy and practice and be a role model for integrity, morality and code of conduct.

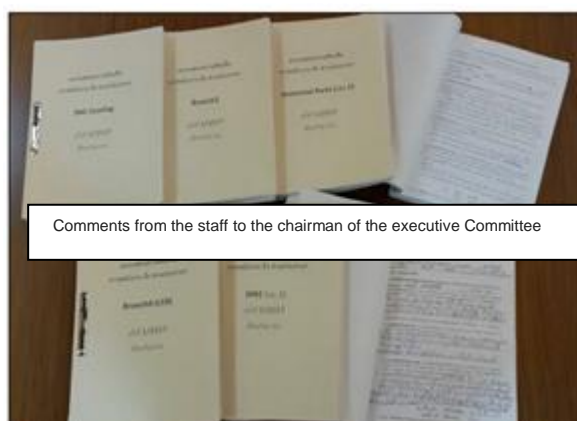
Channel for whistle blowing or complaint notification

To allow the shareholders and stakeholders to share their view and to make any complaint directly to the Board of Directors if they may be treated unfairly or suffer any act done by the Company. In addition, all employees are responsible for reporting to their manager any incident or practice suspicious of illegality or violation of the Company's good corporate governance. The Company provides channels for complaint notification for employees as follows:

1. Via an email of Chairman of the Board of Directors, satit.ck@gmail.com or
2. Via an email of Chairman of the Executive Committee, somchai@sncformer.com or
3. Via an email of Chairman of the Audit Committee, bsuchat@yahoo.com or
4. Via the Company's website at <http://www.sncformer.com> (Complaint Notification) or
5. Via the phone at 02-108-0360-66 (Public Relations/Company Secretary)
6. Via the Red complaint notification box (located at the headquarters building)

The Company also allows the third person and the general public to lodge their complaint when they have encountered with director's, executive's or employee's practice which is not appropriate or in violation to the Company's code of conduct to the Audit Committee. The Company is committed to entertaining all complaints in fair and transparent manner with care and impartiality to all related parties. The complaint will be processed in timely fashion under confidentiality practice while whistleblower shall be properly protected. Email may be sent to the Chairman of the Audit Committee at bsuchat@yahoo.com

In 2014, there was none of complaint from stakeholders with respect to violation of good corporate governance, rules and regulations or legal requirements.



10. Corporate Social Responsibilities : CSR

Vision: To be a sustainable business organization by carrying on businesses in a fair manner for the stakeholders, and as responsible for communities, societies, and environments, with a view to be the number one of applying manpower development innovation for social development further.

ESG100 Award:

Thaipat Institute has initially ranked the businesses based upon sustainable development in 2015, and SNC Former Public Co., Ltd. is 1 of 100 listed companies passing the criteria on evaluation Thaipat Institute and acquiring ESG100 Award upon March 6 2015.



Mission:

1. To operate the businesses together with responsibility for the stakeholders and environments;
2. To create transparent and examinable organizational cultures;
3. To manage the works based upon the fairness and equity and to allow employees to participate in business administration;
4. To give cooperation with the public sectors in social and community development, aiming to provide educations to enable the employees to develop societies.

Strategy:

1. To determine organizational value and to cultivate every employee to have his/her spirit and responsibility for the stakeholders and environments;
2. To launch campaigns strictly countering the organizational corruption and to cultivate every employee to perform his/her duties based on the correctness and transparency as inconsistent with laws and morals;
3. To create the Business Unit and to develop employees to be the business owners with ability to determine the sales volumes and incomes of teamwork in a fair manner under the supervision of the management.
4. To restructure the organization to be a learning organization, and to provide education-supporting projects to employees in collaboration with vocational education organizations so as to develop the juveniles to possess the knowledge and capabilities in accordance with industrial sections;
5. To take part in community development and to provide assistance to the socially disadvantaged persons, including to counter habit-forming drugs.

Fair Business Operation

The Company carries on its businesses in line with fair and equitable trading framework under business laws and ethics; adheres to the work guidelines in the honest, virtual, transparent, and examinable manners by determining guidelines for protecting the stakeholders in the Code of Conduct, by taking into consideration of every part of stakeholders, namely, societies, communities, employees, shareholders, investments, customers, partners, and competitors, as well as government agencies; and determines practices covering the rights and benefits of the stakeholders to which they are entitled in a thorough manner, irrespective of the rights provided by laws or mutual agreements, by having processes and guidelines for creating the participation, as follows:



Stakeholder	Participation Channel	Anticipation	Guideline
Community	<ul style="list-style-type: none"> - Listen to opinion and complaint - Participate with community in accordance with the Company's plan 	<ul style="list-style-type: none"> - Operate business which will not affect to life quality of community, environment and society - Support activities of community 	<ul style="list-style-type: none"> - Conduct project for community, support occupation, education, etc. when have a chance - Monitor and pay attention to environment quality
Employee	<ul style="list-style-type: none"> - Executives will have morning talk with employees every Monday morning or first working day after holiday - Various activities of the Company 	<ul style="list-style-type: none"> - Good remuneration - Good career path, be developed knowledge and capability to comply with career progress - Good quality of working life 	<ul style="list-style-type: none"> - Pay proper remuneration and welfare - Encourage for the progress of each function according to knowledge and capability of employee - Provide an opportunity for employee to participate in management of welfare and quality of working life such as be member of Welfare Committee or Occupational Health and Safety Committee
Shareholder / Investor	<ul style="list-style-type: none"> - Annual General Meeting - Annual Report - Opportunity Day of each quarter - Attend road show 	<ul style="list-style-type: none"> - Constant good return on investment - Good Corporate Governance - Sufficient information disclosure for investment decision 	Treat shareholder according to business ethics as well as respect shareholder's rights to receive necessary, correct, accurate information as specified by the Stock Exchange of Thailand (SET) and Securities Exchange and Commission (SEC)
Customer	<ul style="list-style-type: none"> - Communication as planned - Meeting with customer each week / month - Meeting with customer on various occasions - Customer satisfaction survey 	Quality product, on-time delivery with proper price	Develop product and service to respond constantly to various requirements as well as operate business based on trust and support
Partner	<ul style="list-style-type: none"> - Communicate via electronic media and telephone - Meeting with partner as planned - 	<ul style="list-style-type: none"> - Fair and transparency selection - Acceptable payment condition 	<p>Realize importance of "Partner" as alliance, treat partner fairly and equally to build trust, develop and maintain good relationship by:</p> <ul style="list-style-type: none"> - Consider for mutual benefit - Build opportunity to exchange knowledge, experience and expertise - Participate and support creative activity of partner constantly
Competitor	Operate business	Perform under the rules of fair competition	<ul style="list-style-type: none"> - Encourage free and fair competition policy - Not unethically or inappropriately seek its partner's confidential information such as bribing the directors and staff of its competitors, etc. - Not destroy competitor's reputation by negative accusing
Government Agency	<ul style="list-style-type: none"> - Report submission to government agency - Participation in event and 	Perform under related laws	<ul style="list-style-type: none"> - Perform under laws and strictly report performance result - Pay taxes and other expenses according to

Stakeholder	Participation Channel	Anticipation	Guideline
	project of government agency		regulations as specified by government
Press	<ul style="list-style-type: none"> - Opportunity day of each quarter - Company visit - Press interview 	Transparently, correctly and promptly disclose information and news	<ul style="list-style-type: none"> - Treat all medias fairly and equally

Resource Management

Over the past year, the Company's environmental management was continually in line with legal requirements and environmental management system (ISO14001). The Company promotes awareness and responsibility among its staffs and employees toward environment and community, efficient resource consumption and also puts in place measures for controlling, treating and monitoring environmental quality in its premises.

Practical Guideline

1. Develop and seek for knowledge necessary for management and prevention of pollution.
2. Realize the significance of sustainable resource consumption.
3. Promote activities aimed at reducing and improving global warming crisis.

Promote information sharing about environmental management among employees in order to include this issue to the Company's organizational culture.

Respect for Human Rights

The Company adheres to human rights as its practice. All employees must not act or promote the violation of human rights. The policy and guidelines on human rights violation is as follows.

- The Company will keep or maintain employees' personal information and treat personal information confidential. The Company will not disclose or transfer personal information to unrelated person without any consent from the owner of the information.
- A person can claim his own rights and freedom as long as he/she does not violate other persons' rights and freedom
- The Company treats all employees with respect and equality and does not discrimination against any race, nationality, gender and education.
- Employee treats each other with respect and conducts themselves in accordance with job responsibility, the Company's employee guideline and tradition. Employee will not cause any damage to Company's reputation.
- Oversee work environment with no maltreatment or any unfairness action.

Labor Treatment with Fairness

The Company realizes that all employees are the precious resources and are importance to drive the Company to success. The Company will take care and fairly treat employee as follows.

- Respect employee's rights to work under human rights
- Provide reward and welfare that is appropriate, fair, competitive and incentive-oriented, which encourages employee to perform at their best in relation to their responsibilities and business
- Maintain work environment in the condition that is safe for life and assets of employees
- Appoint, transfer, reward and punish employees based on their honesty, education, competency and suitability
- Provide importance to constantly develop knowledge, competency and skills of all employees
- Strictly conduct in accordance with law and employee guidelines

Learning Organization Creation

To enable every employee of the Company to have his/her career path, the Company determines the learning guidelines together with the career path, as follows:



- Planning important position succession, and promoting and developing the high potential taskforces in driving the organization in the future;
- Enhancing the managerial capacity and leadership development by providing “MINI MD Project,” which the Company has continued providing this operation, which is currently the 6th Class. The Company shall select the qualified employees to be trained in pursuance of the courses so particularly applied by MBA Course as taught by speakers in the managerial level of the Company directly possessing the knowledge and experiences on such issues and cultivate the entrepreneurship concept pursuant to the management in Mini MD style, having examination and evaluation to ensure that the employees passing the Course shall have comprehensive knowledge as necessary for capping and shall make the employees be ready for being promoted to be the middle management;



- Sponsoring scholarships in order for employees to further study in Master Degree;
- Promoting and developing its personnel to have knowledge according to the laws on labor skill promotion and development in accordance with the nature of carrying on businesses of the Company.

Training and Development

In 2014, the Company arranged training courses according to its plan. The samples of training courses are as follows:

9 Basic Needs (Class 9)	ISO 50001: New Alternatives of Energy Conservation
Supervisor Development (Class 19)	Knowledge on ISO 9000
Anti-Corruption	System of ISO 9001 : 2008
Hazardous Waste Management in Industrial Estate	Knowledge on ISO 18001 System (Employee)
Application for and Enhancement of Efficiency in Usign PLC	ISO 50001: New Alternatives of Energy Conservation
Safety Driving Forklift	Internal Requirements and Evaluation of ISO 9001 Quality System
Updating New Accounting Standards Effective in 2015	ISO 31000 : 2009
Personal Income Tax Payment	Procurement Management Strategies
Using CHECK LEAK Machine	English for Communications
Hazardous Waste Management in Industrial Estate	Financial Statements Analysis
Checking leakage in air-conditioning system	Amendment to Laws on Energy Conservation and Controlled Energy Generation
Connecting copper pipes in the air-conditioning system	Safety Driving Forklift

Occupational Health and Safety

- Set up policy and plan to manage occupational health and safety and working environment as well as design tool, equipment, regulation and safety guideline. The Company will arrange staff training for their understanding and to be informed safety information sufficiently and put safety matter in the training course for new staff.
- Arrange safety week to encourage employee and related parties to realize the importance of the safety of working environment and understand about occupational health.

- annual health checkup based on risk of employee
- Fire drill



Student Trainee Supervision

The Company ensures that student trainee with the Company will have living and welfare equal to the staff of the Company. The Company provides accommodation, transportation, health care, canteen as well as activity participation.



Consumer Responsibility

The Company focuses to satisfy customer, therefore, it has set up policy on customer treatment as follows:

- Deliver quality products per customer's request or higher than customer's expectation under the fair conditions.
- Provide correct, sufficient and updated information related to the product and service to the customers so that they have sufficient information for decision making without misrepresentation of quality, quantity or any conditions of products and services.
- Keep for all customers' confidential information and shall not illegally utilize such information for the interests of the Company or related parties.
- Respond to customers' demand promptly and provide efficient system and channel for customer to complain about the quality of product and service
- Support various activities to build up and maintain good relationship with customer with sustainability



Participation in Community and Social Development

Project of “SNC Develops Humans and Societies”

Operation

- To support the public sectors' policies and to promote vocational educations by cooperating with more than 30 vocational education institutes in northeast region to give opportunity to students to do internship in the bilateral form.



- Project “School in Factory” gives opportunities to students to have experiences in adjusting the internship courses jointly with the educational institutes to enable the students passing the courses to have knowledge and skills in line with the demands from industrial sector.



- Project “Factory in School”: opening the operating centers in manufacturing technologies, plastic injection, CNC turning, and air-conditioner production factories in Mahasarakham Technical College and Roi-et Technical College to give opportunities to students to know and learn the modern machinery and virtual production processes



- At present, there are 22 vocational institutes joining the Project and there are 9 classes or 5,387 students.

ที่	สถานศึกษา	รวมสุทธิ
1	วิทยาลัยเทคนิคมหาสารคาม	2,442
2	วิทยาลัยเทคนิคร้อยเอ็ด	1,329
3	วิทยาลัยเทคนิคกาฬสินธุ์	250
4	วิทยาลัยเทคนิคยโสธร	358
5	วิทยาลัยเทคนิคเดชอุดม	30
6	วิทยาลัยเทคนิคนครราชสีมา	17
7	วิทยาลัยเทคนิคสิริสะเกษ	17
8	วิทยาลัยเทคนิคสุรินทร์	19
9	วิทยาลัยเทคนิคสุวรรณภูมิ	49
10	วิทยาลัยเทคนิคหนองบัวลำภู	37
11	วิทยาลัยเทคนิคอำนาจเจริญ	38
12	วิทยาลัยสารพัดช่างกาฬสินธุ์	25
13	วิทยาลัยสารพัดช่างอุบล	10
14	วิทยาลัยการอาชีพห้วยผึ้ง	48
15	วิทยาลัยการอาชีพวาปีปทุม	41
16	วิทยาลัยการอาชีพร้อยเอ็ด	100
17	วิทยาลัยการอาชีพโพนทอง	10
18	วิทยาลัยการอาชีพพนมไพร	5
19	วิทยาลัยการอาชีพชุมแพ	201
20	วิทยาลัยการอาชีพขอนแก่น	170
21	วิทยาลัยการอาชีพเกษตรวิสัย	20
22	วิทยาลัยการอาชีพกระนวน	171
รวมทั้งสิ้น		5,387

Bachelor's Degree Scholarships "SNC-KMUTT" produce technicians in the bachelor's degree level as needed by industry by cooperating with King Mongkut's University of Technology Thonburi to create the bachelor's degree in technology to cap the students joining the Project to further study the bachelor's degree in the amount of approximately 200,000 baht per scholarship without any obligation whatsoever after graduation. Moreover, during studying, the students can study while working which shall generate incomes for their family.



Currently, SNC-KMUTT Project has 3 Classes with 80 students joining the Project and 25 students completing the studies.

Environmental Management

The Company realizes duty and responsibility to environment with the following practices.

- Responsible and adhere to preserve environment, culture and tradition of community in which the Company located.
- Regularly arrange social activity either privately or collaboratively with the government sector for community and environment in order for the community members to have better quality of life.
- Stop accident and control emission at the lower level than acceptable standards.
- Quickly and effectively respond to the incident, caused by the Company, which will have an impact on environment and community with the collaboration with government and other related parties.
- Encourage employee to be aware of social and environmental responsibility under ISO 14001
- Constantly initiate preserve and control environment project and maintain good relationship with community in which the Company located.
- The Company gives precedence to happiness of people in the community through tightening relationship with surrounding communities and environmental conservation. Range of projects and activities participated by communities and schools in the area have been launched including canal cleaning and deepening project done by employees and student trainees aimed to preserve environment and maintain transport route in order that people in the community in their routine life can travel for work or accord their children to school.



Besides, the Company support various projects of government agency and private sector as well as support community event and various public events which constantly benefit to the community and society, such as

- Support TSAE Auto Challenge 2013 of Society of Automotive Engineers Thailand from Faculty of Education, King Mongkut's University of Technology Thonburi
- Provide scholarship to children of police officers at police station, Amphur Klondan, Samutprakarn
- Support budget for Father Day event at Bangpriang Subdistrict Administrative Organization
- Support budget for Children Day at Khlongkrachangtei School, Khlongcharoenrat School and Bangbor Community Kindergarten school
- Arrange activity to provide opportunity to society by offering plant visit to study the Company's production such as plant visit of doctors and executives of Samitivej Hospital, plant visit of graduate students from various education institutions from SET Internship Academy of the Stock Exchange of Thailand
- The Company joined many activities held by schools in the surrounding areas such as making display board to commemorate royal celebration days, providing fund for building repair and many other activities aimed at raising awareness among students.
- With respect to narcotics control, the Company closely works with the Office of Narcotics Control Board and local police in suppressing drug use. It also launched both internal and external campaign against drug use which include cooperation and direct report to officer and joining with local schools in the campaigns against drug use among students and people in communities.



- With respect to religious maintenance, the Company continually joins religious activities held by monasteries and communities. It also provided support to the seminar held by Islamic teachers in 5 southernmost provinces.



- The Company realizes the significance of improvement of quality of life for the disables and the underprivileged and has launched several projects for them including joining with the Department of Corrections in holding labor skill training for the inmates for their better life after returning to the community.



11. Internal Control and Risk Management

11.1 Opinion of Board of Directors with regard to internal control system

The Board of Directors realizes the importance of the effectiveness assessment of the Company's internal control in order to ensure that the Company's financial statements including information used for decision making are correct, complete and reliable. Three members of the Audit Committee oversee and control the Company's internal control system to perform according to the assigned policy, code of practice and as the plan assigned by the Board of Directors as well as in line with regulations of the SET and the SEC.

In 2014, the Board of Directors assessed the adequacy of the Company's internal control system by asking the management, examining the information and document prepared by the management, and filled in the internal control system assessment form. The assessment of the internal control system comprises of 5 components which are Organization and Environment, Risk Management, Control of Management's Operation, Information Technology and Data Communication, and Monitoring System. The Board views that the Company has an adequate internal control system for the present condition. For other components of the internal control system, the Board believes that the Company has adequate internal control as well. The Company also has an adequate and appropriate internal control system for entering into any connected transaction with major shareholders, directors, executives or other related parties and preventing the Company's assets from misuse or using without enough authority by the executives.

In regard to the subsidiaries' internal control, the Company has ruled its subsidiaries to set up their internal control systems to comply with the Company's system. The Company consistently monitors their operations and from the past assessments shown that the subsidiaries have adequate internal control system over 5 components, same as the Company.

The summary of the assessment of the adequacy of the Company's internal control system are as follows:

Control Environment

The Company has set clear and measurable target by considering the situation and possibility in the way that be able to achieve such target. The Company reasonably determines the staff's remuneration annually based on each staff performance without any incentive or inappropriate remuneration that might lead the staff for any fraud or illegal action.

Besides, the Company sets its organization structure by clearly dividing authority and duty and also prepares the Code of Ethics which covering principles for business operation in writing. In setting up its policy and operation plan, the Company realizes the fair treatment for its trading partner according to the good corporate governance.

Risk Assessment

The Company shall assess its risk for both internal and external risk factors, analyze for the event that might cause such risk and present to the Board of Directors' meeting quarterly. Besides, the Company sets the measurement for monitoring the event that cause such risk and the measurement for risk reduction. The Company informs to all related staff to acknowledge and perform according to the risk management measurement. The Company also regularly monitors each business unit for its performance in relation to the determined risk management plan through the meeting of the executives and the Board of Directors.

Control Activities

The Company clearly sets the scope of authority and duty and approved credit line for each level of executives. The Company also set policy for entering into the transaction with major shareholders, directors, executives or related persons by arranging the Audit Committee to provide opinion regarding the necessity and reasonableness of the transaction as well as the legal department to audit and give recommendation for the Company's operation in relation to the related laws, internal control policy and regulations of the SET.

Information and Communication

To arrange the Board of Directors' meeting, the Company will submit relevant information with the invitation letter including the details of the issues that will be proposed at the meeting so that the Board of Directors shall have sufficient information for the decision. The Board of Directors will receive the invitation letter average 7 days prior to the meeting and the minute of the meeting will be prepared by specifying comment and resolution of the meeting so that the shareholders will be able to review the appropriateness of the Board of Directors' performance later.

Monitoring Activities

The Company set up the internal control department to audit the staff performance of each business unit according to the internal control system, and the internal control staff will report the audit result directly to the Board of Directors and the Audit Committee. Any material error discovered has to be reported for considering the correction under appropriate timeframe.

11.2 Opinion of Audit Committee with regard to internal control

The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors. In 2014, there were 4 meetings to meet with the management, auditor and internal audit as appropriate which the summary of major matters are as follows:

1. Review the quarterly and year 2014 financial statements with the management and auditor to ensure that the financial statements of the Company and its subsidiaries were prepared correctly according to the

generally accepted accounting principles, disclosed sufficient and reliable information, provided notes and acknowledged the guideline to solve problem for the benefit of the Company.

2. Ensure the appropriateness and effectiveness of the Company's internal control and internal audit system and determine the independence of Internal Audit Unit as well as approve the appointment, transfer or dismissal of Internal Audit Unit.
3. Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the SET and other laws that related to the Company's business.
4. Consider selecting / nominating an independence person to be the Company's auditor and propose the remuneration of such person as well as attend non-management meeting with the auditor.
5. Review the connected transaction or transaction that might cause the conflict of interest to comply with laws and notifications of the SET to ensure the reasonableness and utmost benefit for the Company.

The Audit Committee followed up the operation of year 2014 according to the scope of duties and responsibilities as assigned and viewed that the Company prepared the financial statements correctly in all material respects according to the generally accepted accounting principles and disclosed sufficient related transactions or conflict of interest transactions. The Company possessed the proper internal control system and risk management that fit with its business situation and operated according to the laws, regulation of the SET and related laws.

11.3 Head of Internal Audit and Head of Compliance

1. Mr. Pornchai Sirikijpanichkul, a manager of Internal Audit Department (details in Attachment 3) is the head of internal audit unit. Audit Committee viewed that Mr. Pornchai Sirikijpanichkul possesses proper qualifications to perform such duty with effectiveness since he has knowledge, capability and direct experience with regard to internal audit. He is able to communicate and advise to all units to support their operations for more effectiveness. The appointment, dismissal and transfer of the head of internal audit unit have to be approved by the Audit Committee.

2. Ms. Rattanaporn Leenawat the company Secretary. Is the head of compliance unit

12. Connected Transaction

12.1 Nature of Connected Transaction

During 2014, the Company entered into transactions with subsidiaries which were sales and purchase of product and raw material among each other in accordance with production line of each company. Such transactions were according to normal commercial condition and criteria as agreed on normal business. The other connected transactions were short term and long term loans among companies in the group.

Connected transactions of the Company and its subsidiaries completely disclosed in notes to consolidated financial statements for the year ended December 31, 2014.

12.2 Connected Transaction Approval Measurement or Procedure

The Company sets its connected transaction approval measurement or procedure according to the regulations of the SEC and the SET. If there is any connected transaction between the Company or its subsidiaries and any related parties with a conflict of interest or any transaction that might cause conflict of interest, such transaction has to be approved by the Company's Board of Directors and the Audit Committee has to consider the reasonableness to enter to that transaction by considering the utmost benefit of the Company. In case the Audit Committee has no expertise to consider such connected transaction, the Company will appoint an independent expert or auditor to provide the opinion. Such opinion will be used to support the decision of the Board of Directors or the shareholders, as the case may be. The price setting and conditions of the transaction have to be under normal course of the business as the price has to be fair or comparable to the market price. Besides, the connected persons will not be able to participate on the approval procedure of such transaction.

The Company will disclose its connected transaction in the notes of the financial statement which audited by the Company's auditor.

12.3 Policy or Trend of Future Connected Transaction

If the Company will enter into any connected transaction in the future, the Company will follow the connected transaction approval procedure as specified in clause 12.2. The future connected transactions will be business transactions which based on commercial terms and conditions as agreed under normal course of business, no benefit transferring among the Company, related parties and shareholders. The price setting policy between the Company and its related parties will be the normal price as charged to unrelated person or entity. The price of the products which have to be bought from its subsidiaries will be their selling prices, cost plus margin which is also comparable to market price.

The disclosure of its connected transaction will be in accordance with the rules and regulations of the SEC and the SET as well as the accounting standard pertaining to the disclosure of information of related persons of business as provided by the Institute of Certified Accountants and Auditors of Thailand

13. Key Financial Information

Summary Table of financial statements of the Company and its subsidiaries

Statement of Financial Position	As at December 31, 2014		As at December 31, 2013		As at December 31, 2012	
	Million Baht	%	Million Baht	%	%	%
Assets						
Current Assets						
Cash and cash equivalents	348.95	8.38%	372.48	9.75%	577.45	14.77%
Trade and other accounts receivable- net	1,173.13	28.16%	959.62	25.11%	1,232.14	31.51%
Short-term loans to related parties	83.00	1.99%	64.00	1.67%	5.00	0.13%
Inventories	280.81	6.74%	247.29	6.47%	229.12	5.86%
Other current assets	46.23	1.11%	45.94	1.20%	42.06	1.08%
Assets classified as held for sale	-	-	8.17	0.21%	-	-
Total current assets	1,932.12	46.38%	1,697.50	44.43%	2,085.77	53.34%
Non-current assets						
Investment in equity –accounted investees	75.53	1.81%	56.55	1.48%	34.49	0.88%
Investment properties	134.80	3.24%	115.43	3.02%	75.10	1.92%
Property, Plant and equipment	1,921.37	46.12%	1,846.38	48.32%	1,648.69	42.16%
Intangible assets	55.09	1.32%	44.78	1.17%	18.94	0.48%
Deferred tax assets	8.20	0.20%	17.29	0.45%	8.50	0.22%
Other non-current assets	38.56	0.93%	43.07	1.13%	38.67	0.99%
Total non-current assets	2,233.55	53.62%	2,123.50	55.57%	1,824.39	46.66%
Total assets	4,165.67	100%	3,821.00	100%	3,910.16	100%
Liabilities and equity						
Current liabilities						
Short-term loans from financial institutions	70.00	1.68%	273.00	7.14%	-	-
Trade and other accounts payable	1,381.79	33.17%	1,152.41	30.16%	1,508.03	38.57%
Current portion of accounts payable -acquisition of assts	35.76	0.86%	187.73	4.91%	161.72	4.14%
Current portion of long-term loans	35.61	0.85%	7.20	0.19%	11.76	0.30%
Current portion of finance lease liabilities	3.03	0.07%	6.48	0.17%	7.39	0.19%
Income tax payable	2.79	0.07%	9.06	0.24%	1.35	0.03%
Other current liabilities	15.34	0.37%	12.15	0.32%	22.55	0.58%
Total current liabilities	1,544.32	37.07%	1,648.03	43.13%	1,712.80	43.80%
Non-current liabilities						
Account payable- acquisition of assets	9.86	0.24%	10.76	0.28%	119.41	3.05%
Long-term loans	242.25	5.82%	7.55	0.20%	14.00	0.36%
Finance lease liabilities	-	-	3.08	0.08%	5.49	0.14%
Employee benefit obligations	49.51	1.19%	39.35	1.03%	29.54	0.76%
Deferred tax liabilities	8.76	0.21%	6.14	0.16%	7.65	0.20%
Total non-current liabilities	310.38	7.45%	66.88	1.75%	176.09	4.50%
Total liabilities	1,854.70	44.52%	1,714.91	44.88%	1,888.89	48.31%

Statement of Financial Position	As at December 31, 2014		As at December 31, 2013		As at December 31, 2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Equity						
Issued and fully paid-up capital	287.78	6.91%	287.78	7.53%	287.78	7.36%
Premium on ordinary shares	1,213.60	29.13%	1,213.60	31.76%	1,213.60	31.04%
Retained earnings						
Appropriated						
Legal reserve	67.79	1.63%	66.52	1.74%	61.66	1.58%
Unappropriated	647.28	15.54%	472.63	12.37%	399.62	10.22%
Equity attributable to owner of the Company	2,216.45	53.21%	2,040.53	53.40%	1,962.66	50.19%
Equity attributable to owner of the Company-Net	2,216.45	53.21%	2,040.53	53.40%	1,962.66	50.19%
Non-controlling interests	94.52	2.27%	65.56	1.72%	58.61	1.50%
Total equity	2,310.97	55.48%	2,106.09	55.12%	2,021.27	51.69%
Total liabilities and equity	4,165.67	100.00%	3,821.00	100.00%	3,910.16	100.00%

Statement of comprehensive income	Year 2014		Year 2013		Year 2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	7,404.79	100.00%	7,154.78	100.00%	7,648.02	100.00%
Cost of sales and services	- 6,583.18	- 88.90%	- 6,305.95	- 88.14%	- 6,806.74	- 89.00%
Gross Profit	821.61	11.10%	848.83	11.86%	841.28	11.00%
Interest income	4.30	0.06%	3.72	0.05%	7.75	0.10%
Other income	34.12	0.46%	42.27	0.59%	31.91	0.42%
Gain on bargain purchase of subsidiary	-	-	-	-	7.08	0.09%
Selling expenses	- 71.27	- 0.96%	- 83.40	- 1.17%	- 91.32	- 1.19%
Administrative expenses	-274.49	- 3.71%	- 237.91	- 3.33%	- 196.61	- 2.57%
Director and management benefit expenses	- 82.25	- 1.11%	- 94.99	- 1.33%	- 65.42	- 0.86%
Impairment loss on assets	-	-	-	-	-12.56	- 0.16%
Finance costs	- 16.63	- 0.22%	- 6.01	- 0.08%	- 1.60	- 0.02%
Shares of loss of associates and jointly-controlled entity	- 11.01	- 0.15%	-20.00	- 0.28%	- 13.37	- 0.17%
Profit before tax	404.38	5.46%	452.51	6.32%	507.14	6.63%
Income tax expense	- 27.76	- 0.37%	- 22.36	- 0.31%	- 9.13	- 0.12%
Net profit for the year	376.62	5.09%	430.15	6.01%	498.01	6.51%
Attributable to Non-controlling interests	- 0.74	- 0.01%	6.94	0.10%	3.09	0.04%
Attributable to owners of the Company	377.36	5.10%	423.21	5.92%	494.92	6.47%

Summary table of cash flow statements of the Company and its subsidiaries

(Unit : Million Baht)

Cash Flow Statements	2014	2013	2012
Cash flows from operating activities			
Profit for the year	376.62	430.15	498.01
Adjustment for			
Depreciation	257.08	226.31	183.88
Depreciation of investment properties	1.96	1.60	1.61
Amortisation of intangible assets	7.44	7.93	1.51
Allowance for decline in value of inventories	-0.16	1.12	3.38
Impairment loss on assets	-0.21	0.54	12.56
Loss from disposal of assets	-3.91	-0.34	-0.88
Reversal of impairment loss on investment property	-4.30	-3.71	-7.75
Unrealised (gain) loss on exchange	10.75	10.35	5.07
Impairment loss of intangible assets	16.63	6.01	1.60
Interest income	2.00	0.63	-
Employee benefits	-5.22	-	-
Employee benefits paid	0.74	-0.44	-2.82
Finance costs	-	-	-7.08
Doubtful debts	-	-	-0.93
Gain (loss) on disposal of property, plant and equipment	-0.02	-	-
Gain on a bargain purchase of subsidiary	11.02	20.00	13.37
Gain on sale of investment in subsidiary	27.76	22.36	9.13
Share of loss of associates and jointly-controlled entity, net of income tax			
Income tax expense	698.18	722.51	710.66
Profit from operating activities before changes in operating assets and liabilities	-215.58	273.79	-486.10
Trade and other accounts receivable	-33.36	-19.29	-4.38
Inventories	-0.29	-4.00	-17.88
Other current assets	4.51	-4.39	0.86
Other non-current assets	233.37	-357.18	615.29
Trade and other accounts payable	-0.60	-0.54	-
Other current liabilities	3.18	-10.51	0.58
Cash flows from operating activities	689.41	600.39	819.03
Cash paid for income tax	-22.31	-24.97	-18.72
Net cash flows from operating activities	667.10	575.42	800.31

Summary table of cash flow statements of the Company and its subsidiaries (Continued)

(Unit: Million Baht)

Cash Flow Statements	2013	2012	2011
Cash flows from investing activities			
Interest received	4.30	3.83	8.99
Sale of assets classified as held for sale	13.40	-	-
Purchase of investment properties	-11.38	-60.15	-
Purchase of property, plant and equipment	-509.76	-500.91	-542.56
Sale of property, plant and equipment	7.17	4.19	22.40
Purchase of intangible assets	-8.52	-33.77	-9.65
Sale of intangible assets	0.19	-	-
Proceeds from loans to related parties	30.00	5.00	-
Loans to related parties	-49.00	-64.00	-5.00
Investments in investment decreased (increase)	-	-	395
Purchase of shares in jointly-controlled entity	-30.00	-	-
Sale of net assets in subsidiaries	-	-	16.82
Cash received from business combination	-	-	-6.87
Purchase of investment in associates	-	-42.05	-
Net cash flows from (used in) investing activities	-553.60	-687.86	-120.87
Cash flows from financing activities			
Interest paid	-16.63	-5.88	-1.60
Proceeds from loans from financial institutions	2,036.30	273.00	-
Repayment of loans from financial institutions	-1,976.20	-11.01	-22.28
Repayment of finance lease liabilities	-8.76	-3.31	-8.89
Dividends to owners of the Company	-201.44	-345.33	-460.44
Acquisition of non-controlling interests	29.70	-	-
Net cash used in financing activities	-137.03	-92.53	-493.21
Net increase (decrease) in cash and cash equivalents	-23.53	-204.97	186.23
Cash and cash equivalents at 1 January	372.48	577.45	391.22
Cash and cash equivalents at 31 December	348.95	372.48	577.45

Key financial ratios which reflected financial status and performance of the Company and its subsidiaries

Financial Ratios	2013	2012	2011
<u>Liquidity Ratio</u>			
Current Ratio (Times)	1.25	1.03	1.22
Quick Ratio (Times)	1.06	0.88	1.09
<u>Activity Ratio</u>			
Accounts Receivable Turnover (Times)	6.98	6.60	7.92
Collection Period (Days)	52.31	55.32	46.09
Inventory Turnover (Times)	24.93	26.47	30.56
Inventory Turnover Period (Days)	14.64	13.79	11.94
Accounts Payable Turnover (Times)	5.23	4.76	5.70
Payment Period (Days)	69.79	76.76	64.04
Cash Cycle (Days)	-2.84	-7.65	-6.00
<u>Debt Ratio</u>			
Debt to Equity Ratio (Times)	0.80	0.81	0.94
Interest-Bearing Debt to Equity Ratio (Times)	0.15	0.14	0.02
Interest Coverage Ratio (Times)	25.31	76.32	316.99
<u>Profitability Ratio</u>			
Gross Profit Margin (%)	11.10	11.86	11.00
Net Profit Margin (%)	5.10	5.92	6.47
Earnings per share (Baht)	1.31	1.47	1.72
Return on Assets (%)	10.54	11.88	14.56
Return on Equity (%)	17.73	21.19	25.36
Dividend Payout Ratio (%)	50.33	68.00	93.24

14. Management Discussion and Analysis

14.1 Analysis of operation result

Sales revenues were 7,405 million baht (2013: 7,155 million baht) increased by 250 million baht or at 4% from the previous year due to:

1. Sales revenues of OEM for air conditioner were 3,152 million baht (2013: 2,457 million baht) increased by 695 million baht or at 28% because 1) the standard of the product in 2014 was improved by the use of energy, resulting in increased sales EER 2) due to orders for new air conditioner, which is environmentally friendly liquid R32 increased 3) Export a production increase from customers Atlantic.
2. Sales revenues of air conditioner and cooling parts were 2,946 million baht (2013: 3,279 million baht) decreased by 333 million baht or at 10% from 2013 evenue from sales of air conditioning parts, which fell under the 2556 action. International Techno Pipe Co, Ltd. but the year 2014, production and sale of such action under Fuso Industries (Thailand) Co., Ltd., which holds 20% to the net profit accounting method equity.
3. Sales revenues from automobile parts were 931 million baht (2013: 1,012 million baht) decreased by 81 million baht or at 8% from year 2013 The plastic parts for the automotive sales decreased was due to automobile manufacturing industry in Thailand
4. Revenues from other businesses were 376 million baht (2013: 406 million baht) decreased by 30 million baht or at 7% as there were sale of plastic parts for washing machine and diamond tools decreased.

Cost of goods sold was 6,583 million baht or accounted for 89% of sales revenues (2013: 6,306 million baht or accounted for 88% of sales revenues). The cost of goods sold as a percentage of saels revenues increased 1% from previous year because the sales portion of parts which has lower cost increased.

Selling expenses were 71 million baht or accounted for 0.96% of sales revenues (2013: 83 million baht or accounted for 1.2 % of sales revenues). The Selling expenses decreased by 0.24% of control of the budget freight and expenses sales support.

Administrative expenses were 274 million baht or 3.70% of sales revenues (2013: 238 million, or 1.3% of sales revenues). The administrative expenses increased by 36 million baht as there were expenses from new companies increased.

Directors and management remuneration was 82 million baht or 1.1% of sales revenues (2013: 95 million baht, or 1.3% of sales revenues). The directors and management remuneration decreased by 13 million

Net profit was 377 million baht accounted for 5.1% of sales revenues (2013: 423 million baht or 5.9% of sales revenues). Net profit decreased by 46 million baht or 10.90% from the previous year which reflected from the

decrease of sales revenues and pre operation expensed of new businesses which had no revenues this year. The earning per share was 1.31 baht (2013: 1.47 baht per share).

14.2 Financial status of the Company

Assets

Total Assets

The total assets as at December 31, 2014, were 4,166 million baht (2013: 3,821 million baht), increased by 345 million baht or at 9.10% from the previous year. The current assets increased by 234 million baht or at 13.80% from 2013, while non current assets increased by 111 million baht or at 5.30% from the previous year, the major changes were as follows:

- Trade and other accounts receivable increased by 213 million baht from the previous year since revenues of quarter 4 increased. The average of collection period of year 2014 was 52 days (2013: 56 days). The collection period was longer because the portion of OEM for air conditioner increased which the collection period of this business is shorter than the average.
- Property, plant and equipment increased by 75 million baht from 2013 because of the investment in plant and machinery of SCAN. The returns of fixed assets were 23.35% (2013: 26.17%). The depreciation expense was 257 million baht (2013: 226 million baht).
- Inventories increased by 34 million baht Variable quarter revenue increased 4
- Investment property increased by 19 million baht from 2013 as its subsidiary bought land to support business expansion in the future.
- Investment in equity-accounted investees increased by 19 million baht due to the investment in SSMA, and share of loss of investment in SSMA, SAWHA, FUSO.
- Short term loans to related parties increased by 19 million baht from the previous year because SSMA borrowed the Company at the amount of 72 million baht and nd SAWHA 11 million baht.

Liabilities

As at December 31, 2014, the total liabilities were 1,855 million baht (2013: 1,715 million baht), increased by 140 million baht from the previous year due to:

- The increased of trade and other accounts payable at the amount of 230 million baht which vary in relation to raw material purchase and sales revenues during the end of year 2014.
- The increase of short-term loans from financial institutions at the amount of 234 million baht.
- The decrease of accounts payable for acquisition of assets at the amount of 152 million baht.
- Debt to equity ratio (D/E) was 0.81 times (2013:0.81 times) fluctuated by the decrease of account payable.

- Interest bearing debt to equity ratio (D(int) /E) was 0.15 times (2013 : 0.14 time)

Shareholders' equity

As at December 31, 2014, the shareholders' equity was 2,311 million baht (2013: 2,106 million baht) increased by 205 million baht from the previous year due to the net profit of year 2014 of 377 million baht. The Company allotted the interim dividend payment for the year 2014 at 0.30 baht per share for 287,777,339 common shares; the total amount was 86.33 million baht and allotted the dividend payment for year end which was the last period at 0.36 baht per share for 287,777,339 common shares, the total amount will be 103.60 million baht. The dividend payment for the last period will be paid on April 24, 2015. The Company's total dividend payment is 0.66 baht per share, representing 50% of net profit (Policy: dividend payment not less than 50% of net profit). The returns on equity was 17.73% (2013: 21.19%)



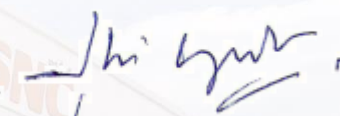
Audit Committee Report

SNC Former Public Company Limited has appointed the audit committee which comprises of Mr. Suchat Boonbanjerd Sri as the Chairman of the Audit Committee, Mr. Wisan Wuttisaksin and Mrs. Chanisa Chutipat as the member of Audit Committee.

The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors. In 2014, there were 4 meetings and every Audit Committee attended all meetings to consider and review the following major matters:

1. Review the quarterly and year 2013 financial statements with the management and auditor to ensure that the financial statements of the Company and its subsidiaries were prepared correctly according to the generally accepted accounting principles, disclosed sufficient and reliable information, provided notes and acknowledged the guideline to solve problem for the benefit of the Company.
2. Ensure the appropriateness and effectiveness of the Company's internal control and internal audit system and determine the independence of Internal Audit Unit as well as approve the appointment, transfer or dismissal of Internal Audit Unit.
3. Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the SET and other laws that related to the Company's business.
4. Consider selecting / nominating an independence person to be the Company's auditor and propose the remuneration of such person as well as attend non-management meeting with the auditor.
5. Review the connected transaction or transaction that might cause the conflict of interest to comply with laws and notifications of the SET to ensure the reasonableness and utmost benefit for the Company.

The Audit Committee followed up the operation of year 2014 according to the scope of duties and responsibilities as assigned and viewed that the Company prepared the financial statements correctly in all material respects according to the generally accepted accounting principles and disclosed sufficient related transactions or conflict of interest transactions. The Company possessed the proper internal control system and risk management that fit with its business situation and operated according to the laws, regulation of the SET and related laws.



(Mr. Suchat Boonbanjerd Sri)
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and financial information stated in the Annual Report. The financial statements are prepared in accordance with generally accepted accounting principles in Thailand by employing the appropriate accounting policy and performing on a regular basis with thoroughly consideration and best estimation including the disclosure of sufficient information in the notes of the financial statements to ensure the transparency and benefit to shareholders and general investors.

The Board of Directors provides, preserves the appropriateness and efficiency of the risk management system and internal control to ensure that accounting information is correct, complete and sufficient to maintain the Company's assets and protect the Company from any fraud or material improper operation.

The Board of Directors appointed the Audit Committee who are independent directors to oversee and responsible for the quality of financial statements and internal control system. The opinion of the Audit Committee regarding this issue is disclosed in this Annual Report under the section of the Audit Committee Report.

The Board of Directors views that the internal control system of the Company and its subsidiaries is at the satisfactory level and can assure the reliability of the consolidated financial statements of the Company and its subsidiaries as at December 31, 2014.



Mr. Satit Chanjavanakul
Chairman of the Board of Directors



Dr. Somchai Thaisa-nguanvorakul
Chairman of Executive Committee

SNC Former Public Company Limited
Minutes of the Annual General Meeting of Shareholders No. 20/2014
On April 3, 2014
At Meeting Room of Head Office of SNC Former Public Company limited

The meeting started at 14.00 hrs.

Mr. Satit Chanjavanakul, Chairman of the Board of Directors, acted as the chairman of the meeting.

Mr. Anaratch Chaithanapinyo, secretary of the meeting, informed the meeting that the total number of shares and total number of voting shares were as follows:

shares registered with voting rights	287,777,339	Shares
voting shareholders	<u>3,645</u>	Shareholders

	<u>At the start of the meeting</u>	<u>At the adjournment of the meeting</u>
Shareholders attending the meeting	104 shareholders	118 shareholders
In person	69 shareholders	82 shareholders
By proxy	35 shareholders	36 shareholders
Total no. of shares	212,865,867 shares	213,692,841 shares
% of total no. of shares sold	73.97	74.26

Number of shares registered more than 1/3 of total number, thus forming a quorum according to Section 103 of Public Company Act B.E. 2535 and the Articles of Association of the Company.

Mr. Satit Chanjavanakul, Chairman of the Board of Directors, called the meeting.

The secretary of the meeting introduced the board of directors, executives and auditor as follows:

- | | | |
|-----|------------------------------------|---|
| 1. | Mr. Satit Chanjavanakul | Chairman of the Board of Directors, Independence Director |
| 2. | Dr. Somchai Thaisa-nguanvorakul | Chairman of Executive Committee |
| 3. | Professor Dr. Boonton Dockthaisong | Independence Director |
| 4. | Mr. Wisan Wuttisaksin | Independence Director |
| 5. | Mr. Surasak Khaoroptham | Independence Director |
| 6. | Mr. Anavat Nawintham | Independence Director |
| 7. | Mr. Sukit Panvisavas | Independence Director |
| 8. | Mr. Samitt Palitagram | Director |
| 9. | Mr. Somboon Gurdlin | Director |
| 10. | Mr. Surapol Yamkasem | Director |
| 11. | Mr. Somchai Ngamkitcharoenlap | Director |

Mr. Rattapoom Nantapatawee

Deputy Managing Director – Accounting and Finance

Miss Vipavan Pattavanvivek

Auditor

The secretary of the meeting informed the meeting that the Company allowed any shareholders to propose agenda or nominate any qualified candidates to be considered as the Company's board of directors via the Company's website since November 14, 2013 – December 14, 2013. However, there was no shareholder proposed agenda or nominated any qualified candidates to be considered as the Company's board of directors. Besides, the Company allowed all shareholders to observe the vote counting via the Company's website since February 20, 2014- March 20, 2014. Nonetheless, there was no shareholder applied to observe the vote counting.

The resolution of the meeting will be in accordance with the Company's Articles of Association "Section 34", a resolution of the shareholder meeting shall require the majority vote of the shareholders who attend the meeting and cast their votes, by counting one share equal to one vote. In case of a tie vote, the chairman of the meeting shall have a casting vote. To vote for each agenda, please tick the mark ✓ in

☐ for approval, disapproval or abstention in the voting card provided in advance. Timing for voting will be 1 minute, there will be officers to collect and accumulate the voting cards. The vote will be counted for disapproval and abstention, the remaining will be approval and will announce in the meeting afterward.

Agenda 1 Acknowledgement of minutes of the Annual General Meeting of Shareholders No. 19/2013

Objective and reason For the acknowledgment of shareholders for the minutes of Annual General Meeting of Shareholders No. 19/2013 held on April 3, 2013.

Opinion of the Board The Board found it appropriate to propose to the Annual General Meeting of Shareholders to acknowledge such minutes of the meeting.

Resolution Minutes of the Meeting of Shareholders No. 19/2013

Agenda 2 Acknowledgement of operation result of 2013

Objective and reason For the acknowledgement of shareholders for the operation result of 2013

Mr. Samitt Palitagram, Vice Chairman of Executive Committee, reported the operation result of 2013. The sales revenues 7,155 million baht, other revenues and interest income were 46 million baht, cost of goods sold and service were 6,306 million baht, selling and administration expenses were 322 million baht, remuneration of directors and executives were 95 million baht, financial cost was 6 million baht, corporate income tax was 22 million baht, share of loss of jointly-controlled entity was 20 million baht, minority interest was 7 million baht. Therefore, the Company's net profit was 423 million baht.

Opinion of the Board The Board found it appropriate to propose to the shareholders' meeting for the acknowledgement of operation result.

Resolution The meeting was informed of the operation.

Agenda 3 Consideration and approval of financial statements of 2013

Mr. Rattapoom Nantapatawee, Deputy Managing Director, Accounting and Finance Department, was the person who explained in the meeting.

Objective and reason According to the Public Limited Company Act, the Board of Directors has to ensure the preparation of the financial statements at the end of each fiscal year which were audited by certified auditor and propose to the annual general shareholders' meeting for the approval. The financial statements for year 2013 showed in the Annual Report which submitted to the shareholders in advance.

Opinion of the Board The Board found it appropriate to propose to shareholders' meeting to consider and approve the financial statements for year 2013 which were audited and verified by auditor with unqualified opinion.

Khun Chairat Phalantikanon: Why don't we manage to have dividends allocated by the subsidiaries into the parent company on quarterly basis in order to cause them really reflected on the financial statements?

Khun Rattapoom Nuntapatawee: Financial statements consist of 2 parts, separate and consolidated financial statements. Profits from subsidiaries are normally demonstrated in the consolidated financial statements. Dividend receivables from subsidiaries will be allocated to the Company 2 times a year; mid-year and at the end of the year, aimed at allowing the parent company to have enough retained earnings for its own dividend allocation. If, however, the Company has adequate retained earnings, it will not demand for dividends from its subsidiaries in order to save cost and time for paper works.

Khun Surasak Khaoroptham: added that to check whether the Company is capable of allocating dividends, we have to see its consolidated balance sheet. Although retained earnings of separate balance sheet shows a small amount, the parent company is still able to ask any subsidiary enjoying lucrative operation to allocate dividends to it.

Acting Sub Lt. Phisit Suthilucksanaphon: According to the annual report page 180, SNC Creativity Anthology Co., Ltd. increased its capital to 200 million baht while the investment amount stated was just 180 million baht, that is, the shareholding proportion is not 99.99%.

Khun Rattapoom Nuntapatawee: explained that SNC Creativity Anthology Co., Ltd. started its business with the authorized capital amount of 20 million baht and then had it capital increased for another 180 million baht or totaling 200 million baht and thus both original and current shareholding proportion is still the same.

Khun Surasak Khaoroptham: added that shareholding proportion can be obtained by comparing our investment amount with the total authorized capital amount.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and meeting votes as follows:

Approval	213,642,841	Votes
Disapproval	-	Votes
Abstention	25,900	Votes

Resolution The meeting unanimously approved financial statements of 2013.

Agenda 4 Consideration and approval of dividend payment for year 2013

Mr. Samitt Palitagram, Vice Chairman of Executive Committee, was the person who clarified in the meeting.

Objective and reason As there was profit from its operation, the Company found it appropriate to allocate for dividend payment. According to the Public Limited Company Act, the dividend payment has to be proposed to shareholders' meeting for an approval. The information for past dividend payment comparison is as follows:

<u>Dividend</u>	<u>No. of shares</u>	<u>Dividend per share</u>	<u>Total dividend payment</u>
Year 2013			
Interim dividend	287,777,339	0.60 Baht	172,666,403 Baht
Dividend for the end of year period	287,777,339	0.40 Baht	115,110,936 Baht
Total dividend payment for 2013		1.00 Baht	287,777,339 Baht
Year 2012			
Interim dividend	287,777,339	1.00 Baht	287,777,339 Baht
Dividend for the end of year period	287,777,339	0.60 Baht	172,666,403 Baht
Total dividend payment for 2012		1.60 Baht	460,443,742 Baht

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Opinion of the Board The Board found it appropriate to propose to shareholders' meeting to consider and approve the dividend allocation for year 2013 for year-end period which was the last period at 0.40 Baht per share. The dividend will be paid on April 30, 2014. After including the interim dividend payment at 0.60 baht per share, the total dividend equal to 1.00 baht per share. The Company already allocated for legal reserve for 10% of its registered capital.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	213,668,741	Votes
Disapproval	-	Votes
Abstention	-	Votes

Resolution The meeting unanimously approved the dividend. for year 2012 as proposed.

Agenda 5 Consideration of election of directors to replace those directors who are retired from office by rotation

Mr. Samitt Palitagram, Vice Chairman of Executive Committee, was the person who explained in the meeting.

Objective and reason In order to allow the shareholders' meeting to elect directors to replace those directors who are retired from office by rotation for one third (1/3) of total directors.

According to the Company's Articles of Association, Section 16, stated that at every Annual General Meeting of shareholders, one third of total directors shall retire from the office.. At present, there were 12 directors. Therefore, one third of directors who were retired from office by rotation were 4 directors which the names of 4 directors to retire from the office by rotation in 2014 were:

1. Mr. Anavat Nawintham
2. Mr. Sukit Panvisavas
3. Prof. Dr. Boonton Dockthaisong
4. Dr. Srimuang Charoensiri (Resignation)

Opinion of Board The Board considered based on qualification, experience and appropriateness with the Company's business operation as well as examined independency and expertise of the directors who will retire from the office and found that those 3 directors can perform their duties as directors to support present and future of the Company and the Board. Therefore, the Board found it appropriate to propose to the shareholders' meeting to elect those 3 directors to re-elect as the Company's board for another term.

Chairman of Nomination Committee asked 3 directors to temporarily leave the meeting room.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting to re-elect the directors who retire from the office by rotation for another term.

(1) Mr. Anawat Nawintham		
Approval	213,688,141	Votes
Disapproval	-	Votes
Abstention	1,700	Votes

(2) Mr. Sukit Panvisavas		
Approval	213,687,141	Votes
Disapproval	-	Votes
Abstention	2,700	Votes

(3) Prof. Dr. Boonton Dockthaisong

Approval	213,605,741	Votes
Disapproval	81,400	Votes
Abstention	2,700	Votes

(4) Mr. Chaisak Ankasuwan

Approval	213,674,384	Votes
Disapproval	-	Votes
Abstention	15,457	Votes

Resolution The meeting unanimously re-elected 4 directors to be the Company's Board of Directors for another term

Agenda 6 Consideration and determination of directors' remuneration

Mr. Wisan Wuttisaksin the Chairman of Remuneration Committee, was the person who clarified in the meeting.

Objective and reason Public Limited Company Act requires that the shareholders' meeting has to approve the directors' remuneration every year.

The details of directors' remuneration for year 2014 are as follows:

Details of Directors' remuneration for the 2014 are as follows:

The Remuneration of the Board and its committees.

1.1 The Remuneration Committee

	P.	Baht/Meeting	Meeting	Baht/year
Chairman of the board	1	30,000	6	180,000
Committee	11	15,000	6	990,000
				<hr/> 1,170,000 <hr/>

1.2 The Remuneration Committee

	P.	Baht/Meeting	Meeting	Baht/year
Chairman of the board	1	20,000	4	80,000
Committee	2	10,000	4	80,000
Total				<hr/> 160,000 <hr/>

1.3 The Remuneration Committee, the Compensation Committee.

	P.	Baht/Meeting	Meeting	Baht/year
Chairman of the board	1	20,000	2	40,000
Committee	2	10,000	2	40,000
Total				80,000

1.4 Nominating Committee meeting allowance

	P.	Baht/Meeting	Meeting	Baht/year
Chairman of the board	1	20,000	2	40,000
Committee	2	10,000	2	40,000
Total				80,000

1.5 The meeting allowances board. CG & CSR

	P.	Baht/Meeting	Meeting	Baht/year
Chairman of the board	1	20,000	2	40,000
Committee	2	10,000	2	40,000
Total				80,000

1.6 The meeting allowances board. Risk Management

	P.	Baht/Meeting	Meeting	Baht/year
Chairman of the board	1	20,000	2	40,000
Committee	2	10,000	2	40,000
Total				80,000

1.7 Reserve meeting Other

Baht/year
150,000

Grand Total

1,800,000

2. The compensation of the chairman of the board of directors

	P.	Baht/Meeting	Meeting	Baht/year
2.1 Value position.	1	100,000	12	1,200,000
2.2 The meeting allowances	1	20,000	12	240,000
Total				1,440,000
Grand Total				3,240,000

The remuneration for directors for 2014 at the amount of 3,240,000 baht equal to year 2013.

Opinion of Board The Board considered based on opinion of the remuneration committee and found it appropriate to propose to the shareholders' meeting to authorize the Board of Directors to have power to determine the directors' remuneration for year 2014 at the amount of not more than 3,240,000 baht which is at the comparable level of other listed companies in the same industry.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	213,680,841	Votes
Disapproval	1	Votes
Abstention	9,000	Votes

Resolution With the majority vote, the meeting passed the resolution to authorize the Board of Directors to have power to determine the directors' remuneration as proposed.

Agenda 7 Consideration and appointment of the auditor and determination of the audit fee

Mr. Anavat Nawinatham, Chairman of the Audit Committee, was the person who explained in the meeting.

Objective and reason Public Limited Company Act requires that the shareholders' meeting has to approve the appointment of the auditor and determination of the audit fee every year

The Board considered and found it appropriate to propose to the shareholders' meeting to appoint Miss Wipawan Patawanwiwek CPA No. 4795 and/or Mr. Veerachai Rattanacharaskul CPA No. 4323 and/or Miss Orawan Sirirattanawong CPA No. 3757 from KPMG Phoomchai Audit Company Limited to be the auditor of the Company, its subsidiaries and associates for year 2014. The auditor is independent and has no conflict of interest with the Company, its subsidiaries and its associates. The audit fee for year 2014 has set to be not more than 3,200,000 baht (Audit fee for 2014 : 3,300,000 baht) The details of the audit fee are as follows:

		Audit Fee		
		Annual.	Quarter.	Grand Total
1	SNC Former Public Company Limited	500,000	300,000	800,000
2	Immortal Part Company Limited	300,000	150,000	450,000
3	SNC Cooling Supply Company Limited	300,000	150,000	450,000
4	SNC Pyongsan Evolution Company Limited	300,000	100,000	400,000
5	Ultimate Company Limited	200,000	50,000	250,000
6	Toptech Diamond Tool Company Limited	160,000	50,000	210,000
7	Infinity Part Company Limited	120,000	50,000	170,000
8	SSM Automation Company Limited	120,000	50,000	170,000
9	Paradise Plastic Company Limited	100,000	50,000	150,000
10	SNC Creativity Anthology Company Limited	100,000	-	100,000
11	International Techno Pipe Company Limited	50,000	-	50,000
		2,250,000	950,000	3,200,000

Opinion of the Board The Board found it appropriate to propose to the shareholders' meeting to appoint auditor from KPMG Phoomchai Audit Company Limited to be the auditor of the Company, subsidiaries and associates. The Audit fee has set to setting the audit within the limits 3 200, 000 baht for years, 2557 as mentioned above,

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	213,243,541	Votes
Disapproval	446,300	Votes
Abstention	-	Votes

Resolution With the majority vote. Approval of the appointment of auditors from KPMG PHOOMCHAI Audit Limited as auditors for the year 2557 by the auditor's remuneration shall not exceed 3,200,000 Baht.

Agenda 8 Consideration of other matters

Khun Surathin Chula-olarn: asked about the progress on determination of policy on anti-corruption in order to get accreditation from the Thai Institute of Directors.

Khun Satit Chanjavanakul: The Company always adheres to the management with transparency and good corporate governance.

Dr. Somchai Thaisa-nguanvorakul: The Company shall not do business with those who have record of corruption. The Internal Auditor shall investigate such record. The Company also has staffs dedicated to CG issues including preparing regulations and raising awareness among employees.

Khun Chairat Phalatikanon: asked as follows:

1. How far has the sale income been affected by political situation?
2. Why is the Company focusing on manufacturing air-conditioner for automobile market?
3. Has SNC Creativity Anthology Co., Ltd. started to gain revenue from its operation yet?
4. What is the reason that the Company has invested in Fuso to get 20% proportion?
5. The Company has invested considerable amount of money, got much more loan with higher amount of interest burden, why can it still be able to allocate dividends?

Dr. Somchai Thaisa-nguanvorakul

1. Most SNC's clients manufacture goods for export and thus have to mainly rely on foreign market. The Company has therefore been partly affected from political situation in the country.

2. SNC focuses on automotive air-conditioner as this sector is profitable with not many competitors although many of them are considered a tough rival.

3. SNC Creativity Anthology Co., Ltd. manufactures aluminum condenser for house air-conditioner. Its executives invited by the Company hold knowledge and expertise in manufacturing technology and marketing potential. The sample products have been already approved. The mass production will be starting in the fourth quarter.

During the period of low season for house air-conditioner, the Company may be able to mobilize part of the manufacturing capacity to automotive air-conditioner as they are both manufactured by the same machine.

4. Fuso has expertise in manufacturing large air-conditioner in Japan while SNC has required know-how for doing business in Thailand. In order for the two companies to enjoy mutual benefit, they have decided to conclude joint venture in which 20% proportion shall belong to SNC.

5. Although SNC has invested a large amount of money, obtained much more loan with increasing interest burden, we still want to take care of minor shareholders and that is why we try to allocate dividends. For increasing interest burden, it is a duty of the management to deal with.

Khun Sanyaluck Simangala asked as follows:

1. Revenue from air-conditioner was reported to have decreased for 635 million baht because the Middle East countries have changed their Energy Efficiency ratio (EER). If the Company's clients have improved their products accordingly, would the revenue get back to its previous level?

2. In 2014 and in the future, whether there are any other major investment projects?

Dr. Somchai Thaisa-nguanvorakul

1. Revenue from OEM sector has been decreased for a while due to the reason that the Middle East countries have reviewed their standard as to power saving. To date, our clients have adjusted their products to meet such standards and figures from the Middle East should be steady soon. Also, the Company has developed new products with the client to expand the market and mass production will be launched in May 2014.

2. The Company has some investment in Rayong that can be slowed down if financial and interest burden increase. Any other interesting project will be reported to the shareholders from time to time.

No further questions or comments from shareholders.

The Chairman of the Board of Directors declared the meeting closed.

The meeting was adjourned at 15.44 hrs. (1hr 44 minutes)

Certified for the correctness of the minutes

Sign.....Chairman of the meeting

(Mr. Satit Chanjavanakul)

Sign.....Note-taker of the meeting

(Miss Kessarin Dechpand)

Sign.....ector

(Dr. Somchai Thaisa-nguanvorakul) (Mr. Surapol Yamkasem)

SNC Former Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2014
and
Independent Auditor's Report





KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Road
Bangkok 10120, Thailand

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Independent Auditor's Report

To the shareholders of SNC Former Public Company Limited

I have audited the accompanying consolidated and separate financial statements of SNC Former Public Company Limited and its subsidiaries (the "Group") and of SNC Former Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Vipavan Pattavanvivek'.

(Vipavan Pattavanvivek)
Certified Public Accountant
Registration No. 4795

KPMG Phoomchai Audit Ltd.
Bangkok
3 February 2015

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2014	2013	2014	2013
(in Baht)					
Current assets					
Cash and cash equivalents	5	348,949,164	372,482,849	68,805,434	184,675,778
Trade and other accounts receivable	6	1,173,126,667	959,618,656	741,177,375	490,015,998
Short-term loans to related parties	4	83,000,000	64,000,000	347,877,384	419,877,384
Inventories	7	280,808,939	247,285,806	114,665,051	88,297,781
Other current assets	8	46,232,721	45,943,207	10,620,760	13,248,781
Assets classified as held for sale	9, 12	-	8,174,301	-	-
Total current assets		1,932,117,491	1,697,504,819	1,283,146,004	1,196,115,722
Non-current assets					
Investments in equity-accounted investee	9	75,531,038	56,549,348	121,050,000	91,050,000
Investments in subsidiaries	10	-	-	700,308,641	643,009,141
Investment properties	11	134,800,520	115,427,435	-	-
Property, plant and equipment	12	1,921,365,287	1,846,379,602	813,440,155	866,602,440
Intangible assets	13	55,091,670	44,781,693	6,240,526	7,344,212
Deferred tax assets	14	8,204,935	17,291,461	4,128,851	5,005,715
Other non-current assets	15	38,558,691	43,068,220	26,925,506	34,361,148
Total non-current assets		2,233,552,141	2,123,497,759	1,672,093,679	1,647,372,656
Total assets		4,165,669,632	3,821,002,578	2,955,239,683	2,843,488,378

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

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2014	2013	2014	2013
(in Baht)					
Current liabilities					
Short-term loans from financial institutions	16	70,000,000	273,000,000	70,000,000	273,000,000
Trade and other accounts payable	17	1,381,793,067	1,152,413,278	793,990,483	539,929,174
Current portion of accounts payable					
- acquisition of assets		35,755,462	187,729,070	7,548,279	83,255,490
Current portion of long-term loans	16	35,605,718	7,200,000	14,340,000	-
Current portion of finance lease liabilities	16	3,033,997	6,484,425	-	-
Short-term loans from related parties	4, 16	-	-	110,585,945	101,085,945
Income tax payable		2,794,117	9,049,594	-	-
Other current liabilities		15,335,050	12,151,764	6,887,551	6,671,379
Total current liabilities		1,544,317,411	1,648,028,131	1,003,352,258	1,003,941,988
Non-current liabilities					
Accounts payable - acquisition of assets		9,857,617	10,759,132	-	1,341,205
Long-term loans	16	242,247,193	7,549,631	77,660,000	-
Finance lease liabilities	16	-	3,082,419	-	-
Employee benefit obligations	18	49,513,669	39,354,603	21,457,685	15,165,308
Deferred tax liabilities	14	8,760,281	6,134,217	-	-
Total non-current liabilities		310,378,760	66,880,002	99,117,685	16,506,513
Total liabilities		1,854,696,171	1,714,908,133	1,102,469,943	1,020,448,501

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

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Liabilities and equity	Note	2014	2013	2014	2013
		(in Baht)			
Equity					
Share capital:					
Authorised share capital	19	287,777,339	287,777,339	287,777,339	287,777,339
Issued and paid-up share capital	19	287,777,339	287,777,339	287,777,339	287,777,339
Premium on ordinary shares		1,213,596,360	1,213,596,360	1,213,596,360	1,213,596,360
Retained earnings					
Appropriated					
Legal reserve	20	67,796,813	66,524,824	30,140,324	30,140,324
Unappropriated		647,281,354	472,634,010	321,255,717	291,525,854
Equity attributable to owners					
of the Company		2,216,451,866	2,040,532,533	1,852,769,740	1,823,039,877
Non-controlling interests		94,521,595	65,561,912	-	-
Total equity		2,310,973,461	2,106,094,445	1,852,769,740	1,823,039,877
Total liabilities and equity		4,165,669,632	3,821,002,578	2,955,239,683	2,843,488,378

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

SNC Former Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2014	2013	2014	2013
		(in Baht)			
Continuing operations					
Revenue from sales of goods and rendering of services	27	7,404,790,974	7,154,774,701	4,201,208,340	3,637,125,588
Cost of sales and rendering of services	7	(6,583,178,254)	(6,305,945,076)	(4,050,331,007)	(3,489,040,400)
Gross profit		821,612,720	848,829,625	150,877,333	148,085,188
Interest income		4,303,050	3,714,958	19,241,174	16,157,891
Other income		34,124,230	42,273,140	8,409,334	19,842,360
Dividend income from subsidiaries	10	-	-	180,000,000	280,000,000
Selling expenses	22	(71,270,975)	(83,409,461)	(29,953,187)	(31,494,106)
Administrative expenses	23	(274,478,325)	(237,906,081)	(64,589,647)	(62,907,091)
Directors and management benefit expenses	4	(82,254,638)	(94,986,243)	(7,447,383)	(13,118,047)
Finance costs	25	(16,631,432)	(6,007,913)	(18,897,745)	(12,798,905)
Share of loss of associates and jointly-controlled entity	9	(11,018,310)	(19,995,067)	-	-
Profit before income tax		404,386,320	452,512,958	237,639,879	343,767,290
Income tax expense	14	(27,763,567)	(22,360,417)	(6,465,879)	(4,151,477)
Profit for the year		376,622,753	430,152,541	231,174,000	339,615,813
Other comprehensive income					
Other comprehensive income for the year					
- net of tax		-	-	-	-
Total comprehensive income for the year		376,622,753	430,152,541	231,174,000	339,615,813

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

SNC Former Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2014	2013	2014	2013
		(in Baht)			
Profit (loss) attributable to:					
Owners of the Company		377,363,470	423,207,460	231,174,000	339,615,813
Non-controlling interests		(740,717)	6,945,081	-	-
Profit for the year		376,622,753	430,152,541	231,174,000	339,615,813
Total comprehensive income attributable to:					
Owners of the Company		377,363,470	423,207,460	231,174,000	339,615,813
Non-controlling interests		(740,717)	6,945,081	-	-
Total comprehensive income for the year		376,622,753	430,152,541	231,174,000	339,615,813
Earnings per share					
Basic earnings per share (in Baht)	28	1.31	1.47	0.80	1.18

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements					Total equity
		Retained earnings			Equity attributable to owners of the Company	Non-controlling interests	
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)		
Year ended 31 December 2013							
Balance at 1 January 2013		287,777,339	1,213,596,360	61,658,959	399,625,222	1,962,657,880	2,021,274,711
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Dividends to owners of the Company	29	-	-	-	(345,332,807)	(345,332,807)	(345,332,807)
Total contributions by and distributions to owners of the Company		-	-	-	(345,332,807)	(345,332,807)	(345,332,807)
Comprehensive income for the year							
Profit or loss		-	-	-	423,207,460	423,207,460	430,152,541
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	423,207,460	423,207,460	430,152,541
Appropriated for legal reserve		-	-	4,865,865	(4,865,865)	-	-
Balance at 31 December 2013		287,777,339	1,213,596,360	66,524,824	472,634,010	2,040,532,533	2,106,094,445

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements						
		Retained earnings				Equity	Non-	Total
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	attributable to owners of the Company	controlling interests	equity
Year ended 31 December 2014								
Balance at 1 January 2014		287,777,339	1,213,596,360	66,524,824	472,634,010	2,040,532,533	65,561,912	2,106,094,445
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the Company</i>								
Dividends to owners of the Company	29	-	-	-	(201,444,137)	(201,444,137)	-	(201,444,137)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(201,444,137)	(201,444,137)	-	(201,444,137)
<i>Change in ownership interests in subsidiaries</i>								
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	29,700,400	29,700,400
Total transactions with owners, recorded directly in equity		-	-	-	(201,444,137)	(201,444,137)	29,700,400	(171,743,737)
Comprehensive income for the year								
Profit or loss		-	-	-	377,363,470	377,363,470	(740,717)	376,622,753
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	377,363,470	377,363,470	(740,717)	376,622,753
Appropriated for legal reserve		-	-	1,271,989	(1,271,989)	-	-	-
Balance at 31 December 2014		287,777,339	1,213,596,360	67,796,813	647,281,354	2,216,451,866	94,521,595	2,310,973,461

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements			Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	
	Note			Legal reserve (in Baht) Unappropriated	
Year ended 31 December 2013					
Balance at 1 January 2013		287,777,339	1,213,596,360	30,140,324 297,242,848	1,828,756,871
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	29	-	-	- (345,332,807)	(345,332,807)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	(345,332,807)	(345,332,807)
Comprehensive income for the year					
Profit or loss		-	-	- 339,615,813	339,615,813
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	339,615,813	339,615,813
Balance at 31 December 2013		287,777,339	1,213,596,360	30,140,324 291,525,854	1,823,039,877

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

			Separate financial statements		Total equity
			Issued and paid-up share capital	Premium on ordinary shares	Retained earnings
	Note			Legal reserve (in Baht)	Unappropriated
Year ended 31 December 2014					
Balance at 1 January 2014			287,777,339	1,213,596,360	30,140,324
					291,525,854
					1,823,039,877
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	29		-	-	-
					(201,444,137)
<i>Total contributions by and distributions to owners of the Company</i>					
			-	-	-
					(201,444,137)
					(201,444,137)
Comprehensive income for the year					
Profit or loss			-	-	-
					231,174,000
Other comprehensive income			-	-	-
					-
Total comprehensive income for the year			-	-	-
					231,174,000
					231,174,000
Balance at 31 December 2014			287,777,339	1,213,596,360	30,140,324
					321,255,717
					1,852,769,740

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	376,622,753	430,152,541	231,174,000	339,615,813
<i>Adjustments for</i>				
Depreciation	257,078,041	226,312,592	113,205,859	113,052,354
Depreciation of investment properties	1,956,254	1,601,267	-	-
Amortisation of intangible assets	7,442,299	7,935,462	1,161,486	1,082,353
Allowance for decline in value of inventories (reversal)	(161,212)	1,119,207	265,654	558,916
Impairment loss on assets (reversal)	(212,286)	538,211	(212,286)	538,211
Unrealised gain on exchange	(3,912,718)	(342,099)	(177,235)	(363,280)
Interest income	(4,303,050)	(3,714,958)	(19,241,174)	(16,157,891)
Employee benefits	10,753,176	10,352,539	6,292,377	6,155,782
Finance costs	16,631,432	6,007,913	18,897,745	12,798,905
Doubtful debts	1,995,623	628,334	1,995,623	628,334
Gain on sale of assets classified as held for sale	(5,223,703)	-	-	-
(Gain) loss on disposal of property, plant and equipment	743,562	(437,778)	378,191	(153,077)
Gain on sale of intangible assets	(16,696)	-	-	-
Dividend income from subsidiaries	-	-	(180,000,000)	(280,000,000)
Share of loss of associates and jointly-controlled entity, net of income tax	11,018,310	19,995,067	-	-
Income tax expense	27,763,567	22,360,417	6,465,879	4,151,477
	698,175,352	722,508,715	180,206,119	181,907,897

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	(in Baht)			
<i>Changes in operating assets and liabilities</i>				
Trade and other accounts receivable	-215,582,243	273,796,373	-252,672,491	352,532,804
Inventories	-33,361,921	-19,285,522	-26,632,924	-14,261,546
Other current assets	-289,514	-3,997,292	2,628,021	-6,531,268
Other non-current assets	4,509,529	-4,392,209	7,435,642	-6,023,024
Trade and other accounts payable	233,371,116	-357,184,657	253,873,706	-479,356,854
Employee benefits paid	(594,110)	(537,280)	-	-
Other current liabilities	3,183,286	-10,513,821	216,172	550,706
Cash generated from operating activities	689,411,495	600,394,307	165,054,245	28,818,715
Income tax paid	-22,306,454	-24,969,324	-5,589,015	-4,080,417
Net cash from operating activities	667,105,041	575,424,983	159,465,230	24,738,298
<i>Cash flows from investing activities</i>				
Interest received	4,303,050	3,827,089	19,241,174	21,359,576
Dividend received	-	-	180,000,000	280,000,000
Sale of assets classified as held for sale	13,398,004	-	-	-
Purchase of investment properties	(11,380,715)	(60,147,125)	-	-
Purchase of property, plant and equipment	(509,759,487)	(500,903,097)	(138,110,119)	(141,627,237)
Sale of property, plant and equipment	7,171,364	4,185,294	852,224	2,020,555
Purchase of intangible assets	(8,526,206)	(33,772,831)	(57,800)	(1,568,361)
Sale of intangible assets	192,000	-	-	-
Proceeds from loans to related parties	30,000,000	5,000,000	569,414,055	520,146,743
Loans to related parties	(49,000,000)	(64,000,000)	(497,414,055)	(494,000,000)
Purchase of shares in subsidiary	-	-	(72,299,500)	(180,000,000)
Proceeds from share capital reduction in subsidiary	-	-	15,000,000	-
Purchase of shares in associates	-	(42,050,000)	-	(42,050,000)
Purchase of shares in jointly-controlled entity	(30,000,000)	-	(30,000,000)	-
Net cash from (used in) investing activities	(553,601,990)	(687,860,670)	46,625,979	(35,718,724)

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	<i>(in Baht)</i>			
<i>Cash flows from financing activities</i>				
Interest paid	(16,631,432)	(5,888,242)	(19,017,416)	(16,701,779)
Proceeds from loans from financial institutions	2,036,303,280	273,000,000	1,858,000,000	273,000,000
Repayment of loans from financial institutions	(1,976,200,000)	(11,007,821)	(1,969,000,000)	-
Repayment of finance lease liabilities	(8,764,847)	(3,307,568)	-	-
Proceeds from short-term loans from related parties	-	-	523,085,945	552,085,945
Repayment of short-term loans from related parties	-	-	(513,585,945)	(577,000,000)
Dividends to owners of the Company	(201,444,137)	(345,332,807)	(201,444,137)	(345,332,807)
Acquisition of non-controlling interests	29,700,400	-	-	-
Net cash used in financing activities	(137,036,736)	(92,536,438)	(321,961,553)	(113,948,641)
 Net decrease in cash and cash equivalents	 (23,533,685)	 (204,972,125)	 (115,870,344)	 (124,929,067)
Cash and cash equivalents at 1 January	372,482,849	577,454,974	184,675,778	309,604,845
Cash and cash equivalents at 31 December	348,949,164	372,482,849	68,805,434	184,675,778
 <i>Non-cash transactions</i>				
Liabilities from construction of plant and purchase of equipment	43,396,197	63,429,656	7,692,000	10,161,417
Transfer property, plant and equipment to investment properties	9,948,624	-	-	-
Transfer investment properties to property, plant and equipment	-	18,213,867	-	-
Transfer plant and equipment to assets classified as held for sale	-	8,174,301	-	-
Acquisition of equipment under financial lease agreement	2,232,000	-	-	-

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

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade and other accounts receivable
7	Inventories
8	Other current assets
9	Investments in equity-accounted investees
10	Investments in subsidiaries
11	Investment properties
12	Property, plant and equipment
13	Intangible assets
14	Deferred tax and income tax expense
15	Other non-current assets
16	Interest-bearing liabilities
17	Trade and other accounts payable
18	Employee benefit obligations
19	Share capital
20	Reserves
21	Segment information
22	Selling expenses
23	Administrative expenses
24	Employee benefit expenses
25	Finance costs
26	Expenses by nature
27	Promotional privileges
28	Earnings per share
29	Dividends
30	Financial instruments
31	Commitments with non-related parties
32	Events after the reporting period
33	Thai Financial Reporting Standards (TFRS) not yet adopted
34	Reclassification of accounts

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 3 February 2015.

1 General information

SNC Former Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 333/3 Moo 6, Bangphriang sub district, Bang bo district, Samutprakarn. The Company has 1 branch in Samutprakarn and 1 branch in Chonburi.

The Company was listed on the Stock Exchange of Thailand in October 2004.

The Company’s major shareholder was SNC Holding Company Limited (30% shareholding), incorporated in Thailand.

The principal businesses of the Company and its subsidiaries are engaged in the manufacturing of component parts for cooling machines, component parts for air conditioners for automobile, contract manufacturing and assembly of air conditioners for household use, manufacturing tools and equipment that are made for metal, steel, tungsten and carbide, manufacturing of heat pump for water heat pump and manufacturing of insulation copper price kit used for the installation of cooling machine and foam pipe insulation.

Details of the Company’s subsidiaries, associates and jointly-controlled entity as at 31 December 2014 and 2013 are given in notes 4, 9 and 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

TFRS	Topic
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TIC 15	Operating Leases-Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets-Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 33.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the present value of the defined benefit obligation in the statement of financial position.

(c) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 18 Measurement of defined benefit obligations

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly-controlled entities.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Associates and jointly-controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

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

Foreign currency differences are generally recognised in profit or loss.

(c) Forward exchange contracts

Forward exchange contracts are used to manage exposure to foreign exchange arising from operating activities. Forward exchange contracts are not used for trading purposes. However, forward exchange contracts that do not qualify for hedge accounting are accounted for as trading instruments.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on the foreign currency monetary transactions being hedged.

(d) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

(e) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) *Inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

(g) *Non-current assets held for sale*

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) *Investments*

Investments in subsidiaries, associates and jointly-controlled entity

Investments in subsidiaries, associates and jointly-controlled entity in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and jointly-controlled entity in the consolidated financial statements are accounted for using the equity method.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the FIFO method applied to the carrying value of the total holding of the investment.

(i) Investment properties

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

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

Cost includes expenditure that is directly attributable to the acquisition of the investment property and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment properties	30 years
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No depreciation is provided on freehold land which is classified as investment properties.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(j) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at book value.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5, 10, 20 and 30	years
Buildings	20 and 30	years
Building improvement	5	Years
Machinery, tool and equipment	5 and 10	years
Office equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction and installation.

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

(k) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows: □

Software licenses	5, 10 years
Production licenses	10 Years

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

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

(o) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed regularly by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

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

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(p) Provisions

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

(q) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(r) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent considerations.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

(t) *Income tax*

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

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

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

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

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

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

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

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

(u) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

(v) *Segment reporting*

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

4 **Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries, associates and jointly-controlled entity are described in notes 9 and 10. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Directors and management	Thai, Japanese and Korean	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
SAS Innovation Co., Ltd.	Thailand	Common directors

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales of goods	Cost and cost plus margin
Purchases of goods	Cost and cost plus margin
Rendering of services	Actual incurred cost
Receiving of services	Actual incurred cost
Rental income	Cost plus margin
Sales of property, plant and equipment	Net book value
Purchase of property, plant and equipment	Net book value
Interest income	Agreed rate based on market price
Interest expense	Agreed rate based on market price
Dividend income	Declared rate

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	10,602	2,376
Rendering of services	-	-	63,338	72,708
Purchases of goods	-	-	485,386	533,239
Services fee	-	-	4,707	4,967
Sales of machinery and equipment	-	-	336	172
Purchases of machinery and equipment	-	-	334	2,791
Interest income	-	-	15,757	13,719
Interest expense	-	-	9,367	9,119
Dividend income	-	-	180,000	280,000
Associates				
Sales of goods	22,498	-	2,657	-
Rendering of services	481	-	25	-
Purchases of goods	235	-	55	-
Sales of machinery and equipment	13,590	-	-	-
Rental income	1,600	-	-	-
Interest income	221	-	221	-
Jointly-controlled entity				
Sales of goods	453	104	-	1
Rendering of services	2,385	8,321	484	1,048
Rental income	5,580	5,580	-	-
Purchases of goods	77,087	32,679	77,087	32,673
Services fee	2	542	2	542
Sales of machinery and equipment	-	1,181	-	1,181
Purchases of machinery and equipment	-	435	-	435
Interest income	2,759	1,250	2,759	1,250
Directors and management				
Directors and management benefit expenses				
Short-term employee benefits	80,188	92,867	6,516	12,478
Post-employment benefits	2,067	2,119	931	640
Total directors and management benefit expenses	82,255	94,986	7,447	13,118

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
Paradise Plastic Co., Ltd.	-	-	598	-
Infinity Parts Co., Ltd.	-	-	-	12
SNC Atlantic Heat Pump Co., Ltd.	-	-	6,712	-
Associates				
SNC Atlantic Water Heater Asia Co., Ltd.	230	-	230	-
Fuso Industries (Thailand) Co., Ltd.	788	-	-	-
Jointly-controlled entity				
SSM Automation Co., Ltd.	96	-	-	-
	<u>1,114</u>	<u>-</u>	<u>7,540</u>	<u>12</u>
<i>Less allowance for doubtful accounts</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u>1,114</u>	<u>-</u>	<u>7,540</u>	<u>12</u>
<i>Other receivables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
SNC Pyongsan Evolution Co., Ltd.	-	-	282	344
SNC Cooling Supply Co., Ltd.	-	-	2,076	2,214
Immortal Parts Co., Ltd.	-	-	1,491	1,446
Paradise Plastic Co., Ltd.	-	-	1,856	1,467
Ultimate Parts Co., Ltd.	-	-	248	344
Infinity Parts Co., Ltd.	-	-	420	344
Toptech Diamond Tools Co., Ltd.	-	-	169	287
SNC Creativity Anthology Co., Ltd.	-	-	38	-
International Techno Pipe Co., Ltd.	-	-	-	287
SNC Atlantic Heat Pump Co., Ltd.	-	-	345	-
Meisou SNC Precision Co., Ltd.	-	-	240	-
Associate				
SNC Atlantic Water Heater Asia Co., Ltd.	36	-	2	-
Jointly-controlled entity				
SSM Automation Co., Ltd.	8	1,181	3	1,181
Director and management				
Mr. Jaturong Pisutsin	7,917	-	-	-
	<u>7,961</u>	<u>1,181</u>	<u>7,170</u>	<u>7,914</u>
<i>Less allowance for doubtful accounts</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net	<u>7,961</u>	<u>1,181</u>	<u>7,170</u>	<u>7,914</u>

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

<i>Short-term loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013	2014	2013
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiaries						
SNC Pyongsan Evolution Co., Ltd.	5.0-5.25	3.0-5.0	-	-	144,000	199,000
SNC Santec Co., Ltd.	5.0-5.25	3.0-5.0	-	-	19,605	19,605
SNC Cooling Supply Co., Ltd.	5.0-5.25	3.0-5.0	-	-	84,377	134,377
SNC Creativity Anthology Co., Ltd.	5.0-5.25	3.0-5.0	-	-	36,500	22,500
Associate						
SNC Atlantic Water Heater Asia Co., Ltd.	5.50	-	11,000	-	11,000	-
Jointly-controlled entity						
SSM Automation Co., Ltd.	5.0-5.25	3.0-5.0	72,000	64,000	72,000	64,000
			83,000	64,000	367,482	439,482
Less allowance for doubtful accounts			-	-	(19,605)	(19,605)
Short-term loans to related parties, net			83,000	64,000	347,877	419,877

Movements during the years ended 31 December of short-term loans to related parties were as follows:

<i>Short-term loans to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	355,877	441,024
Increase	-	-	448,414	430,000
Decrease	-	-	(539,414)	(515,147)
At 31 December	-	-	264,877	355,877
Associate				
At 1 January	-	-	-	-
Increase	11,000	-	11,000	-
At 31 December	11,000	-	11,000	-
Jointly-controlled entity				
At 1 January	64,000	5,000	64,000	5,000
Increase	38,000	64,000	38,000	64,000
Decrease	(30,000)	(5,000)	(30,000)	(5,000)
At 31 December	72,000	64,000	72,000	64,000

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

<i>Short-term loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Total short-term loans to related parties				
At 1 January	64,000	5,000	419,877	446,024
Increase	49,000	64,000	497,414	494,000
Decrease	(30,000)	(5,000)	(569,414)	(520,147)
At 31 December	83,000	64,000	347,877	419,877

Short-term loans to related parties of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

<i>Trade accounts payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
SNC Pyongsan Evolution Co., Ltd.	-	-	-	88
SNC Cooling Supply Co. Ltd.	-	-	5,878	-
Immortal Part Co., Ltd.	-	-	-	3,482
Ultimate Part Co., Ltd.	-	-	11,913	3,887
Infinity Parts Co., Ltd.	-	-	19,490	7,116
Paradise Plastic Co., Ltd.	-	-	104	12,595
Toptech Diamond Tools Co., Ltd.	-	-	188	-
Associate				
SNC Atlantic Water Heater Asia Co., Ltd.	35	-	-	-
Jointly-controlled entity				
SSM Automation Co., Ltd.	12,045	3,616	12,045	3,616
Total	12,080	3,616	49,618	30,784

<i>Other payables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Subsidiaries				
SNC Pyongsan Evolution Co., Ltd.	-	-	29	24
Infinity Parts Co., Ltd.	-	-	-	38
Associate				
SNC Atlantic Water Heater Asia Co., Ltd.	-	16	-	16
Jointly-controlled entity				
SSM Automation Co., Ltd.	11	922	11	922
Total	11	938	40	1,000

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

<i>Short-term loans from related parties</i>	Interest rate		Separate financial statements	
	2014	2013	2014	2013
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
Subsidiaries				
Immortal Part Co. Ltd.	5.0-5.25	3.0-5.0	89,086	58,086
Paradise Plastic Co., Ltd.	5.0-5.25	3.0-5.0	2,000	19,000
International Techno Pipe Co., Ltd.	5.0-5.25	3.0-5.0	19,500	24,000
Total short-term loans from related parties			110,586	101,086

Movements during years ended 31 December of short-term loans from related parties were as follows:

<i>Short-term loans from related parties</i>	Separate financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
Subsidiaries		
At 1 January	101,086	126,000
Increase	523,086	552,086
Decrease	(513,586)	(577,000)
At 31 December	110,586	101,086

Short-term loans from related parties of the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cash on hand	863	1,362	150	320
Cash at banks - current accounts	2,457	1,252	658	218
Cash at banks - savings accounts	345,629	369,869	67,997	184,138
Total	348,949	372,483	68,805	184,676

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	347,743	371,533	67,599	183,726
United States Dollars (USD)	1,206	950	1,206	950
Total	348,949	372,483	68,805	184,676

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

6 Trade and other accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Trade accounts receivable					
Related parties	4	1,114	-	7,540	12
Other parties		1,138,869	945,400	709,189	471,366
Total		1,139,983	945,400	716,729	471,378
<i>Less allowance for doubtful accounts</i>		<i>-</i>	<i>(628)</i>	<i>-</i>	<i>(628)</i>
Net		1,139,983	944,772	716,729	470,750
Other accounts receivable					
Related parties	4	7,961	1,181	7,170	7,914
Other parties		25,183	13,666	17,278	11,352
Total		33,144	14,847	24,448	19,266
<i>Less allowance for doubtful accounts</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net		33,144	14,847	24,448	19,266
Total trade and other accounts receivable		1,173,127	959,619	741,177	490,016
Bad and doubtful debts expense for the year		1,996	628	1,996	628

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms*	1,114	-	7,540	12
	1,114	-	7,540	12
<i>Less allowance for doubtful accounts</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
	1,114	-	7,540	12
Other parties				
Within credit terms*	1,133,322	931,141	704,011	457,128
Overdue:**				
Less than 3 months	5,547	11,605	5,178	11,584
3-6 months	-	2,654	-	2,654
	1,138,869	945,400	709,189	471,366
<i>Less allowance for doubtful accounts</i>	<i>-</i>	<i>(628)</i>	<i>-</i>	<i>(628)</i>
	1,138,869	944,772	709,189	470,738
Total	1,139,983	944,772	716,729	470,750

The normal credit terms granted by the Group range from 30 days to 120 days.

* Within credit terms means that it was not over the date that the Company and the customer agreed to receive payment.

** Overdue means that the payment receipt date agreed between the Company and the customer has already passed.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The currency denomination of trade and other accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,083,707	934,659	662,066	466,748
United States Dollars (USD)	88,939	23,861	79,111	23,268
Euro (EUR)	481	271	-	-
Japanese Yen (JPY)	-	828	-	-
Total	1,173,127	959,619	741,177	490,016

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Finished goods	49,610	44,151	23,377	17,710
Work in progress	103,879	111,922	27,709	37,284
Raw materials	133,355	95,928	64,369	33,556
Factory supplies	3,174	4,655	1,036	1,308
	290,018	256,656	116,491	89,858
<i>Less : Allowance for decline in value of inventories</i>	<i>(9,209)</i>	<i>(9,370)</i>	<i>(1,826)</i>	<i>(1,560)</i>
Net	280,809	247,286	114,665	88,298
 Inventories recognised as an expense in 'cost of sales':				
- Cost	6,583,339	6,304,826	4,050,065	3,488,481
- Write-down to net realisable value	1,804	1,138	353	610
- Reversal of write-down	(1,965)	)19(	(87)	)51(
Net	6,583,178	6,305,945	4,050,331	3,489,040

8 Other current assets

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Prepaid rent	8,425	8,021	8,000	8,021
Revenue department receivable	18,795	19,244	1,173	993
Excise department receivable	-	5,154	-	-
Deposit	10,264	4,836	-	-
Others	8,749	8,688	1,448	4,235
Total	46,233	45,943	10,621	13,249

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

9 Investments in equity-accounted investees

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	41,083	-	42,050	-
Acquisitions	-	42,050	-	42,050
Share of net profits (losses) of equity-accounted associates	1,030	(967)	-	-
At 31 December	42,113	41,083	42,050	42,050
Jointly-controlled entity				
At 1 January	15,466	34,494	49,000	49,000
Acquisition	30,000	-	30,000	-
Share of net losses of equity-accounted jointly-controlled entity	(12,048)	(19,028)	-	-
At 31 December	33,418	15,466	79,000	49,000
Total				
At 1 January	56,549	34,494	91,050	49,000
Acquisitions	30,000	42,050	30,000	42,050
Share of net losses of equity-accounted investees	(11,018)	(19,995)	-	-
At 31 December	75,531	56,549	121,050	91,050

Acquisitions

On 15 January 2014, the Company made an additional investment in SSM Automation Co., Ltd., a jointly-controlled entity, of 300,000 ordinary shares, with a par value of Baht 100 per share, totalling Baht 30 million. Total invested shares represent 49% ownership.

On 3 September 2013, the Company invested in SNC Atlantic Water Heater Asia Co., Ltd. of 220,500 ordinary shares, with a par value of Baht 100 per share (call-up of Baht 100 per share), totalling Baht 22.05 million. Total invested shares represent 49% ownership.

On 12 December 2013, the Company invested in Fuso Industries (Thailand) Co., Ltd. of 200,000 ordinary shares, with a par value of Baht 100 per share (call-up of Baht 100 per share), totalling Baht 20 million. Total invested shares represent 20% ownership. In addition, on 19 December 2013, a subsidiary entered into a sale and purchase agreement of assets with the aforesaid company. The subsidiary transferred the assets under the terms of the agreement on 1 January 2014. These assets therefore were reclassified as assets held for sale as of 31 December 2013.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Investments in equity-accounted investees as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended, were as follows:

		Consolidated financial statements										Equity - net of impairment		Dividend income	
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Impairment		2014	2013	2014	2013
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013				
		(%)		(in thousand Baht)											
Associates															
SNC Atlantic Water Heater Asia Co., Ltd.	Manufacturing and selling of air-to-water heat pump	49.00	49.00	45,000	45,000	22,050	22,050	22,029	21,083	-	-	22,029	21,083	-	-
Fuso Industries (Thailand) Co., Ltd.	Manufacturing of copper parts, metal parts and brass parts	20.00	20.00	100,000	100,000	20,000	20,000	20,084	20,000	-	-	20,084	20,000	-	-
Jointly-controlled entity															
SSM Automation Co., Ltd.	Manufacturing of metal fabrication parts for electric appliance and automobile	49.00	49.00	160,000	100,000	79,000	49,000	33,418	15,466	-	-	33,418	15,466	-	-
Total						121,050	91,050	75,531	56,549	-	-	75,531	56,549	-	-

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net of impairment		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(%)						(in thousand Baht)					
Associates												
SNC Atlantic Water Heater Asia Co., Ltd.	49.00	49.00	45,000	45,000	22,050	22,050	-	-	22,050	22,050	-	-
Fuso Industries (Thailand) Co., Ltd.	20.00	20.00	100,000	100,000	20,000	20,000	-	-	20,000	20,000	-	-
Jointly-controlled entity												
SSM Automation Co., Ltd.	49.00	49.00	160,000	100,000	79,000	49,000	-	-	79,000	49,000	-	-
Total					121,050	91,050	-	-	121,050	91,050	-	-

The associates and jointly-controlled entity were incorporated in Thailand.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The following summarised financial information on equity-accounted investees is not adjusted for the percentage ownership held by the Group:

	Reporting date	Ownership interest (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit (loss)
						(in thousand Baht)					
2014											
Associates											
SNC Atlantic Water Heater Asia Co., Ltd.	31 December	49.00	41,460	38,284	79,744	35,253	111	35,364	22,461	20,530	1,931
Fuso Industries (Thailand) Co., Ltd.	31 December	20.00	197,172	34,693	231,865	71,986	60,000	131,986	237,914	237,497	417
Jointly-controlled entity											
SSM Automation Co., Ltd.	31 December	49.00	150,071	381,667	531,738	407,784	58,462	466,246	356,323	380,910	(24,587)
Total			388,703	454,644	843,347	515,023	118,573	633,596	616,698	638,937	(22,239)
2013											
Associates											
SNC Atlantic Water Heater Asia Co., Ltd.	31 December	49.00	40,159	3,080	43,239	213	-	213	19	1,993	(1,974)
Fuso Industries (Thailand) Co., Ltd.	31 December	20.00	100,000	-	100,000	-	-	-	-	-	-
Jointly-controlled entity											
SSM Automation Co., Ltd.	31 December	49.00	112,518	261,932	374,450	257,538	85,873	343,411	301,990	340,822	(38,832)
Total			252,677	265,012	517,689	257,751	85,873	343,624	302,009	342,815	(40,806)

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

10 Investments in subsidiaries

	Separate financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	643,009	463,009
Acquisitions	72,300	180,000
Capital reduction	(15,000)	-
At 31 December	<u>700,309</u>	<u>643,009</u>

Acquisitions

The Company made an investment in SNC Atlantic Heat Pump Co., Ltd. of 330,000 ordinary shares, with a par value of Baht 100 per share, totalling Baht 33.3 million. Total invested shares represent 74% ownership. The subsidiary was incorporated on 25 March 2014.

The Company made an investment in SNC Fukui Holy Insulation Co., Ltd. of 349,996 ordinary shares, with a par value of Baht 100 per share, totalling Baht 35 million. Total invested shares represent 70% ownership. The subsidiary was incorporated on 30 May 2014.

The Company and a subsidiary made an investment in Meisou SNC Precision Co., Ltd. of 39,999 and 29,999 ordinary shares, respectively, with a par value of Baht 100 per share, totalling Baht 4 million and 3 million, respectively. Total invested shares represent 40% direct ownership and 30% indirect ownership. The subsidiary was incorporated on 10 November 2014.

On 27 February 2013, SNC Creativity Anthology Co., Ltd. registered additional ordinary shares of 2,000,000 shares, with a par value of Baht 100 per share (call-up of Baht 100 per share). The Company had invested in these additional shares, amounting to Baht 180 million. Total invested shares represent 99.99% ownership. The Company paid for share capital on 1 March 2013 and 25 October 2013.

Capital reduction

On 25 September 2014, International Techno Pipe Co., Ltd. registered with the Ministry of Commerce to decrease authorised share capital of 150,000 shares, with a par value of Baht 100 per share, totalling Baht 15 million.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended, were as follows:

		Separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income	
Type of business		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		(%)		(in thousand Baht)									
Direct subsidiaries													
SNC Pyongsan Evolution Co., Ltd.	Manufacturing of cooling parts and OEM for cooling machines	99.99	99.99	220,000	220,000	212,010	212,010	-	-	212,010	212,010	-	50,000
SNC Santec Co., Ltd.	Under liquidation process	80.00	80.00	20,000	20,000	16,000	16,000	(16,000)	(16,000)	-	-	-	-
SNC Cooling Supply Co., Ltd.	Manufacturing automotive air conditioner parts	99.99	99.99	30,000	30,000	30,000	30,000	-	-	30,000	30,000	30,000	40,000
Immortal Part Co., Ltd.	Production of cooling parts	99.99	99.99	70,000	70,000	70,000	70,000	-	-	70,000	70,000	150,000	160,000
Paradise Plastic Co., Ltd.	Manufacturing plastic parts for electric appliance and automobile	99.99	99.99	30,000	30,000	29,999	29,999	-	-	29,999	29,999	-	30,000
Toptech Diamond Tools Co.,Ltd.	Manufacturing of metal, steel, tungsten and carbide tools and equipment	60.00	60.00	80,000	80,000	81,000	81,000	-	-	81,000	81,000	-	-
International Techno Pipe Co., Ltd.	Manufacturing of cooling parts	99.99	99.99	5,000	20,000	5,000	20,000	-	-	5,000	20,000	-	-
SNC Creativity Anthology Co., Ltd.	Manufacturing household and automotive air conditioner parts	99.99	99.99	200,000	200,000	200,000	200,000	-	-	200,000	200,000	-	-
SNC Atlantic Heat Pump Co., Ltd.	Manufacturing of heat pump for water heat pump	74.00	-	45,000	-	33,300	-	-	-	33,300	-	-	-
SNC Fukui Holy Insulation Co., Ltd.	Manufacturing of insulation copper pipe kit used for the installation of cooling machine and foam pipe insulation	70.00	-	50,000	-	35,000	-	-	-	35,000	-	-	-

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

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All subsidiaries were incorporated in Thailand.

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

11 Investment properties

		Consolidated financial statements	
	Note	2014	2013
		(in thousand Baht)	
Cost			
At 1 January		135,798	93,865
Additions		11,381	60,147
Reclassification from (to) property, plant and equipment	12	12,689	(18,214)
At 31 December		159,868	135,798
Depreciation and impairment losses			
At 1 January		20,371	18,770
Depreciation charge for the year		1,956	1,601
Reclassification from property, plant and equipment	12	2,740	-
At 31 December		25,067	20,371
Net book value			
At 1 January		115,427	75,095
At 31 December		134,801	115,427

The Group leased land and factory to a jointly-controlled entity. The monthly rental income was Baht 0.47 million (2013: Baht 0.47 million). Total rental income in 2014 was Baht 5.58 million (2013: Baht 5.58 million). Total direct cost of these investment properties was Baht 1.60 million (2013: Baht 1.60 million). The leases contain an initial non-cancellable period of 1 year and can be automatically renewed for each of additional 1 year.

As at 31 December 2014, the aforesaid land and factory for lease had fair value of Baht 46.45 million, which comprised of fair value of the factory of Baht 38.97 million and land of Baht 7.48 million, appraised by the independent valuer using replacement cost approach.

In March 2104, the Group leased land and factory to an associate entity. The monthly rental income was Baht 0.16 million. Total rental income in 2014 was Baht 1.6 million. Total direct cost of these investment properties was Baht 0.23 million. The leases contain an initial non-cancellable period of 1 year and can be automatically renewed for each of additional 1 year.

As at 31 December 2014, the aforesaid land and factory for lease had fair value of Baht 8.9 million, which comprised of fair value of the factory of Baht 7.67 million and land of Baht 1.2 million, appraised by the independent valuer using replacement cost approach.

Another investment property was land held for a currently undetermined future use which had fair value of Baht 88.20 million as at 31 December 2014. The fair value was determined by the independent valuer using market approach.

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

12 Property, plant and equipment

Consolidated financial statements									
	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	Assets under construction and installation	Total
Cost									
At 1 January 2013		47,546	436,122	1,676,446	265,780	59,777	15,727	66,827	2,568,225
Additions		17,800	69,933	86,184	51,391	12,689	7,700	172,673	418,370
Transfer from investment properties	11	18,214	-	-	-	-	-	-	18,214
Transfers		-	39,102	11,927	4,136	)1,774(	1,961	)55,352(-
Transfer to assets classified as held for sale	9	-	)1,297(	)7,056(	)923(	)782(	-	-	)10,058(
Disposals		-	-	)221(	)21,276(	)1,419(	)456(	-	)23,372(
At 31 December 2013 and 1 January 2014		83,560	543,860	1,767,280	299,108	68,491	24,932	184,148	2,971,379
Additions		10,318	24,750	132,012	69,053	14,639	6,039	92,903	349,714
Transfer to investment properties	11	(2,744)	(9,945)	-	-	-	-	-	(12,689)
Transfers		2,354	143,403	77,492	3,012	1,465	-	(227,726)	-
Disposals		-	-	(9,426)	(785)	(43)	(1,280)	(4,839)	(16,373)
At 31 December 2014		93,488	702,068	1,967,358	370,388	84,552	29,691	44,486	3,292,031

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Consolidated financial statements

	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment (in thousand Baht)	Office equipment	Vehicles	Assets under construction and installation	Total
<i>Depreciation and impairment losses</i>									
At 1 January 2013		1,206	92,676	593,584	182,956	41,548	7,567	-	919,537
Depreciation charge for the year		88	22,468	163,002	30,908	6,653	3,194	-	226,313
Impairment losses		-	-	538	-	-	-	-	538
Transfer to assets classified as held for sale	9	-	)260(	)1,323(	)147(	)154(	-	-	)1,884(
Disposals		-	-	)106(	)17,578(	)1,365(	)456(	-	)19,505(
At 31 December 2013 and 1 January 2014		1,294	114,884	755,695	196,139	46,682	10,305	-	1,124,999
Depreciation charge for the year		528	27,054	175,106	41,681	7,954	4,755	-	257,078
Reversal of impairment losses		-	-	(212)	-	-	-	-	(212)
Transfer to investment properties	11	-	(2,740)	-	-	-	-	-	(2,740)
Disposals		-	-	(7,057)	(221)	(28)	(1,153)	-	(8,459)
At 31 December 2014		1,822	139,198	923,532	237,599	54,608	13,907	-	1,370,666
<i>Net book value</i>									
At 1 January 2013									
Owned assets		46,340	343,446	1,069,745	82,824	18,229	6,029	66,827	1,633,440
Assets under finance leases		-	-	13,117	-	-	2,131	-	15,248
		46,340	343,446	1,082,862	82,824	18,229	8,160	66,827	1,648,688
At 31 December 2013 and 1 January 2014									
Owned assets		82,266	428,976	995,193	102,969	21,809	13,383	184,148	1,828,744
Assets under finance leases		-	-	16,392	-	-	1,244	-	17,636
		82,266	428,976	1,011,585	102,969	21,809	14,627	184,148	1,846,380

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Consolidated financial statements									
	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	Assets under construction and installation	Total
At 31 December 2014									
Owned assets		91,666	562,870	1,027,941	132,789	29,944	15,066	44,486	1,904,762
Assets under finance leases		-	-	15,885	-	-	718	-	16,603
		91,666	562,870	1,043,826	132,789	29,944	15,784	44,486	1,921,365

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2014 amounted to Baht 240.19 million (2013: Baht 187.22 million).

Security

At 31 December 2014, the Group's properties with a net book value of Baht 36.7 million (2013: Baht 38.33 million) have been mortgaged with banks to secure credit facilities.

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment (in thousand Baht)	Office equipment	Vehicles	Assets under construction and installation	Total
Cost								
At 1 January 2013	12,185	231,920	778,296	113,527	15,663	7,763	37,293	1,196,647
Additions	17,800	49,026	7,772	8,127	4,222	3,450	5,745	96,142
Transfers	-	24,124	10,354	2,969	-	-	(37,447)	-
Disposals	-	-	(2,630)	(18,096)	-	-	-	(20,726)
At 31 December 2013 and 1 January 2014	29,985	305,070	793,792	106,527	19,885	11,213	5,591	1,272,063
Additions	1,082	4,189	8,443	29,232	1,182	3,156	13,779	61,063
Transfers	-	2,788	287	556	-	-	(3,631)	-
Disposals	-	-	(1,985)	(409)	-	(1,280)	-	(3,674)
At 31 December 2014	31,067	312,047	800,537	135,906	21,067	13,089	15,739	1,329,452
Depreciation and impairment losses								
At 1 January 2013	21	48,499	174,438	76,166	9,612	1,994	-	310,730
Depreciation charge for the year	57	13,847	79,719	15,002	2,542	1,885	-	113,052
Impairment loss	-	-	538	-	-	-	-	538
Disposals	-	-	(1,281)	(17,578)	-	-	-	(18,859)
At 31 December 2013 and 1 January 2014	78	62,346	253,414	73,590	12,154	3,879	-	405,461
Depreciation charge for the year	93	14,038	78,487	15,156	2,785	2,647	-	113,206
Reversal of impairment loss	-	-	(212)	-	-	-	-	(212)
Disposals	-	-	(983)	(307)	-	(1,153)	-	(2,443)
At 31 December 2014	171	76,384	330,706	88,439	14,939	5,373	-	516,012

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements							Total
	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment (in thousand Baht)	Office equipment	Vehicles	Assets under construction and installation	
<i>Net book value</i>								
At 1 January 2013								
Owned assets	12,164	183,421	603,858	37,361	6,051	5,769	37,293	885,917
	12,164	183,421	603,858	37,361	6,051	5,769	37,293	885,917
At 31 December 2013 and 1 January 2014								
Owned assets	29,907	242,724	540,378	32,937	7,731	7,334	5,591	866,602
	29,907	242,724	540,378	32,937	7,731	7,334	5,591	866,602
At 31 December 2014								
Owned assets	30,896	235,663	469,831	47,467	6,128	7,716	15,739	813,440
	30,896	235,663	469,831	47,467	6,128	7,716	15,739	813,440

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2014 amounted to Baht 58.46 million (2013: Baht 41.98 million).

Security

In April 2014, the Company entered into a loan agreement with a local bank of Baht 100 million. The loan bears interest rate at MLR-1.5% to MLR-1.75% per annum. The Company committed to the bank that there will be no commitment made by the Company with third parties related to the Company's machineries.

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

13 Intangible assets

	Consolidated financial statements		
	Software licenses	Production licenses	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2013	17,054	7,826	24,880
Additions	3,357	30,416	33,773
At 31 December 2013 and 1 January 2014	20,411	38,242	58,653
Additions	3,282	14,645	17,927
Disposal	(213)	-	(213)
At 31 December 2014	23,480	52,887	76,367
<i>Amortisation and impairment losses</i>			
At 1 January 2013	5,936	-	5,936
Amortisation for the year	1,775	6,160	7,935
At 31 December 2013 and 1 January 2014	7,711	6,160	13,871
Amortisation for the year	2,480	4,962	7,442
Disposal	(38)	-	(38)
At 31 December 2014	10,153	11,122	21,275
<i>Net book value</i>			
At 1 January 2013	11,118	7,826	18,944
At 31 December 2013 and 1 January 2014	12,700	32,082	44,782
At 31 December 2014	13,327	41,765	55,092
	Separate financial statements		
	Software licenses	Production licenses	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2013	10,006	-	10,006
Additions	1,568	-	1,568
At 31 December 2013 and 1 January 2014	11,574	-	11,574
Additions	58	-	58
At 31 December 2014	11,632	-	11,632
<i>Amortisation and impairment losses</i>			
At 1 January 2013	3,148	-	3,148
Amortisation for the year	1,082	-	1,082
At 31 December 2013 and 1 January 2014	4,230	-	4,230
Amortisation for the year	1,161	-	1,161
At 31 December 2014	5,391	-	5,391
<i>Net book value</i>			
At 1 January 2013	6,858	-	6,858
At 31 December 2013 and 1 January 2014	7,344	-	7,344
At 31 December 2014	6,241	-	6,241

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

14 Deferred tax and income tax expense

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Deferred tax assets	8,205	17,291	4,129	5,006
Deferred tax liabilities	(8,760)	(6,134)	-	-
Net	(555)	11,157	4,129	5,006

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

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

	Consolidated financial statements				Consolidated financial statements					
		(Charged) / Credited to:					(Charged) / Credited to:			
	At 1 January 2013	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Reclassify	At 31 December 2013	At 1 January 2014	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Reclassify	At 31 December 2014
<i>Deferred tax assets</i>										
Inventories	1,090	1,175	-	-	2,265	2,265	(680)	-	-	1,585
Investments in subsidiaries	3,200	-	-	-	3,200	3,200	-	-	-	3,200
Property, plant and equipments	-	108			108	108	(43)	-	-	65
Employee benefit obligations	5,908	2,071	-	-	7,979	7,979	1,900	-	-	9,879
Loss carry forward	57	5,700	-	-	5,757	5,757	(5,757)	-	-	-
Total	10,255	9,054	-	-	19,309	19,309	(4,580)	-	-	14,729
<i>Deferred tax liabilities</i>										
Property, plant and equipment	(9,406)	1,254	-	-	(8,152)	(8,152)	(7,132)	-	-	(15,284)
Total	(9,406)	1,254	-	-	(8,152)	(8,152)	(7,132)	-	-	(15,284)
Net	849	10,308	-	-	11,157	11,157	(11,712)	-	-	(555)

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

	Separate financial statements (Charged) / Credited to:				Separate financial statements (Charged) / Credited to:					
	At 1 January 2013	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Reclassify	At 31 December 2013	At 1 January 2014	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Reclassify	At 31 December 2014
<i>Deferred tax assets</i>										
Inventories	110	238	-	-	348	348	(2)	-	-	346
Investments in subsidiaries	3,200	-	-	-	3,200	3,200	-	-	-	3,200
Property, plant and equipment	-	108			108	108	(42)	-	-	66
Employee benefit obligations	1,802	1,231	-	-	3,033	3,033	1,258	-	-	4,291
Total	5,112	1,577	-	-	6,689	6,689	1,214	-	-	7,903
<i>Deferred tax liabilities</i>										
Property, plant and equipment	(35)	(1,648)	-	-	(1,683)	(1,683)	(2,091)	-	-	(3,774)
Total	(35)	(1,648)	-	-	(1,683)	(1,683)	(2,091)	-	-	(3,774)
Net	5,077	(71)	-	-	5,006	5,006	(877)	-	-	4,129

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current tax expense				
Current period	17,549	25,859	5,589	4,080
Under (over) provided in prior years	(1,497)	6,809	-	-
Deferred tax expense				
Movements in temporary differences	11,712	(10,308)	877	71
Total	27,764	22,360	6,466	4,151

Reconciliation of effective tax rate

	Consolidated financial statements			
	2014		2013	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		404,386		452,513
Income tax using the Thai corporation tax rate	20	80,877	20	90,503
Income not subject to tax		(69,277)		(80,182)
Expenses not deductible for tax purposes		1,437		6,152
Recognition of previously unrecognised tax losses		(9)		(922)
Current year losses for which no deferred tax asset was recognised		16,233		-
Under (over) provided in prior years		(1,497)		6,809
Total	7	27,764	5	22,360

	Separate financial statements			
	2014		2013	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		237,640		343,767
Income tax using the Thai corporation tax rate	20	47,528	20	68,753
Income not subject to tax		(42,287)		(64,535)
Recognition of previously unrecognised tax losses		-		(922)
Expenses not deductible for tax purposes		1,225		855
Total	3	6,466	1	4,151

Deferred tax assets have not been recognised as at 31 December 2014 in respect of the following items:

	Consolidated financial statements	Separate financial statements
Tax losses	22,077	-
Total	22,077	-

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The tax losses expire in 2017-2019. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

15 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Advance payment for equipment	9,590	4,232	20	20
Land and factory rental deposit	9,012	19,980	8,762	18,180
Prepaid corporate income tax	17,176	15,050	17,176	14,688
Others	2,781	3,806	968	1,473
Total	38,559	43,068	26,926	34,361

16 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Current					
Short-term loans from financial institutions					
Unsecured		70,000	273,000	70,000	273,000
Current portion of long-term loans from financial institution					
Secured		35,606	7,200	14,340	-
Short-term loans from related parties					
Unsecured	4	-	-	110,586	101,086
Current portion of finance lease liabilities		3,034	6,484	-	-
Total current interest-bearing liabilities		108,640	286,684	194,926	374,086
Non-current					
Long-term loans from financial institutions					
Secured		242,247	7,550	77,660	-
Finance lease liabilities		-	3,082	-	-
Total non-current interest-bearing liabilities		242,247	10,632	77,660	-

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Within one year	105,606	280,200	194,926	374,086
After one year but within five years	242,247	7,550	77,660	-
Total	347,853	287,750	272,586	374,086

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Property, plant and equipment	36,679	38,325	-	-

Long-term loans from financial institution

Long-term loan of the Company was pledged by committed to the bank that there will be no commitment made by the Company with third parties related to the Company's machineries (*note 12*).

Long-term loan of a subsidiary was partially pledged by the Company and a subsidiary's property, plant and equipment (*note 12*).

Long-term loan of a jointly-controlled entity was pledged by the Company.

In addition, the Company, a subsidiary and a jointly-controlled entity must maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio and leverage ratio.

As at 31 December 2014, a subsidiary and a jointly-controlled entity failed to maintain the financial ratio as defined in the loan agreements. Breach of the terms of these agreements may cause the bank to immediately recall all outstanding payables under such agreements. However, on 11 December 2014, the subsidiary and the jointly-controlled entity received the waiver of the breach of covenant. Therefore, long-term loan of the subsidiary as at 31 December 2014 was not classified as current liabilities.

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2014			2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	3,076	42	3,034	6,803	319	6,484
After one year but within five years	-	-	-	3,124	42	3,082
Total	3,076	42	3,034	9,927	361	9,566

Interest-bearing liabilities of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

17 Trade and other accounts payable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Trade accounts payable					
Related parties	4	12,080	3,616	49,618	30,784
Other parties		1,274,867	1,066,408	709,154	479,644
Total		1,286,947	1,070,024	758,772	510,428
Other accounts payable					
Related parties	4	11	938	40	1,000
Other parties		94,835	81,451	35,178	28,501
Total		94,846	82,389	35,218	29,501
Total trade and other accounts payable		1,381,793	1,152,413	793,990	539,929

The currency denomination of trade and other accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,268,914	1,105,473	713,116	515,408
United States Dollars (USD)	111,342	45,941	80,874	24,521
Japanese Yen (JPY)	736	781	-	-
Pound Sterling (GBP)	701	-	-	-
Euro (EUR)	100	218	-	-
Total	1,381,793	1,152,413	793,990	539,929

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

18 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	49,514	39,355	21,458	15,165
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	10,753	10,353	6,293	6,155

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The Group opted to recognise the transitional obligation as at 1 January 2011 through profit or loss on a straight-line basis over five years from 1 January 2011. Movements during the years on the provision for the unrecognised transitional obligation were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Unrecognised transitional obligation as at 1 January	8,843	13,264	6,710	10,065
Recognised through profit or loss for the year	<u>(4,422)</u>	<u>(4,421)</u>	<u>(3,355)</u>	<u>(3,355)</u>
Unrecognised transitional obligation as at 31 December	<u>4,421</u>	<u>8,843</u>	<u>3,355</u>	<u>6,710</u>

The Group operates a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	53,935	48,198	24,813	21,875
Unrecognised transitional obligation	<u>(4,421)</u>	<u>(8,843)</u>	<u>(3,355)</u>	<u>(6,710)</u>
Statement of financial position obligation	<u>49,514</u>	<u>39,355</u>	<u>21,458</u>	<u>15,165</u>

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	39,355	29,539	15,165	9,010
Transitional obligation recognised	4,422	4,421	3,355	3,355
Benefits paid by the plan	(594)	(537)	-	-
Current service costs and interest	6,331	5,932	2,938	2,800
Defined benefit obligations at 31 December	49,514	39,355	21,458	15,165

Expense recognised in profit or loss (note 24)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Transitional obligation recognised	4,422	4,421	3,355	3,355
Current service costs	5,107	4,845	2,442	2,358
Interest on obligation	1,224	1,087	496	442
Total	10,753	10,353	6,293	6,155

Actuarial gains and losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Included in retained earnings:				
At 1 January	17,378	17,378	12,881	12,881
Recognised during the year	-	-	-	-
At 31 December	17,378	17,378	12,881	12,881

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(%)</i>			
Discount rate	3.5	3.5	3.5	3.5
Future salary increases	4.0	4.0	4.0	4.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

19 Share capital

	Par value per share (in Baht)	2014 Number Amount (in thousand shares / in thousand Baht)		2013 Number Amount	
Authorised					
At 1 January					
- ordinary shares	1	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>
At 31 December					
- ordinary shares	1	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>
At 31 December					
- ordinary shares	1	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>

20 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

21 Segment information

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

- Segment 1 Manufacturing of component parts of air conditioners for automobile use.
- Segment 2 Contract assembly of cooling machines.
- Segment 3 Manufacturing of component parts of cooling machines.

None of other operations meets the quantitative thresholds for determining reportable segments in 2014 or 2013.

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

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Revenues and results based on business segment in the consolidated financial statements for the years ended 31 December 2014 and 2013 were as follows:

	Manufacturing of component parts of air conditioners for automobile use		Cooling machines				Other segments		Eliminations		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in thousand Baht)</i>											
Revenue from external customers	930,787	1,012,280	3,151,999	2,457,166	2,946,298	3,279,325	375,707	406,004	-	-	7,404,791	7,154,775
Inter-segment revenue	82	75	9,172	1,331	287,572	194,469	2,847	4,175	(299,673)	(200,050)	-	-
Total revenues	930,869	1,012,355	3,161,171	2,458,497	3,233,870	3,473,794	378,554	410,179	(299,673)	(200,050)	7,404,791	7,154,775
Segment results	95,824	117,467	46,332	35,076	348,463	338,249	(58,583)	(12,276)	-	-	432,036	478,516
Unallocated expenses												
Finance costs											(16,631)	(6,008)
Share of loss of associates and jointly-controlled entity											(11,018)	(19,995)
Income tax expense											(27,764)	(22,360)
Profit for the year											376,623	430,153

Geographical segments

The Group is managed and operates principally in Thailand. There is no material revenues derived from, or assets located in, foreign countries.

Major customer

In 2014, revenues from two customers of the Group's contract assembly and manufacturing of component parts of cooling machine segments represent approximately Baht 2,902 million and Baht 735 million.

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

22 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Transportation	52,208	59,190	26,242	26,431
Marketing expenses	574	990	13	42
Commission	4,711	9,288	167	271
Export expenses	4,387	5,283	2,295	1,468
Entertainment expenses	2,674	3,925	486	1,552
Others	6,717	4,733	750	1,730
Total	71,271	83,409	29,953	31,494

23 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Employee benefit expenses	148,167	142,676	38,587	35,584
Fee and service expenses	29,920	23,570	5,127	9,816
Utilities expenses	23,651	19,633	9,224	7,172
Depreciation and amortisation	32,013	17,229	4,053	4,225
Others	40,727	34,798	7,599	6,110
Total	274,478	237,906	64,590	62,907

24 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Wages and salaries		434,027	461,730	149,386	151,072
Overtime		101,049	109,612	44,389	39,617
Welfare		93,677	116,952	40,275	40,652
Bonus		67,921	75,191	19,325	25,082
Incentive		11,857	15,688	1,511	2,118
Contribution to defined contribution plan		9,267	7,988	2,712	2,460
Contribution to Employee Joint Investment Program ("EJIP")		-	4,780	-	1,016
Post-employment benefits	18	10,753	10,353	6,293	6,155
Others		24,183	19,240	4,624	7,223
Total		752,734	821,534	268,515	275,395

Provident fund

The defined contribution plans comprise provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates 3% - 5% of their basic salaries and by the Group at rates 3% - 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The Employee Joint Investment Program

On 30 July 2010, the Company's Board of Directors meeting No. 3/2010 passed the resolution to approve the Employee Joint Investment Program ("EJIP"). This program is an installment plan for investment in the Company's shares, provided as a benefit of the staff and management of the Group, excluding directors. The program runs for 3 years, from 1 October 2010 to 30 September 2013 and is conducted in accordance with the notification of the Office of the Securities and Exchange Commission No. Sor. Jor. 12/2552 dated 10 September 2009.

25 Finance costs

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Interest expense:				
Subsidiaries	-	-	9,367	9,119
Bank loans and overdrafts	16,631	6,008	9,531	3,680
Total	16,631	6,008	18,898	12,799

26 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Changes in finished goods and work in progress	5,324	12,345	8,454	14,673
Raw materials and consumables used	6,094,890	5,577,559	3,423,263	2,848,735
Depreciation of property, plant and equipment	257,078	226,313	113,206	113,052
Amortisation of intangible assets	7,442	7,935	1,161	1,082
Salary, wage and other employee benefit expenses	752,734	821,534	268,515	275,395
Minimum lease payments recognised as an operating lease expense	106,268	106,837	38,049	32,940

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

27 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment. The privileges granted include:

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
SNC Former Public Company Limited				
1381/2552	Manufacturing of parts for electrical appliances	1 February 2010	5 years	5 years
2873(2)/2555	Manufacturing of parts for electrical appliances, parts or equipment for electronic products	3 January 2013	5 years	5 years
SNC Pyongsan Evolution Co., Ltd.				
1620(2)/2550	Providing service to assemble air-conditioners for household use	21 March 2007	6 years (expired in May 2013)	5 years
2091(2)/2550	Manufacturing of steel for compressor and cooling machines	3 January 2008	7 years	5 years
1559(2)/2553	Manufacturing of steel for cooling machines	10 June 2010	6 years	5 years

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
SNC Santec Co., Ltd.				
1549(2)/2550	Manufacturing and maintenance of moulds	22 March 2007	8 years	5 years
SNC Cooling Supply Co., Ltd				
1815(5)/2553	Manufacturing of automobile air-conditioner parts	1 August 2010	8 years	5 years
1865(5)/2553	Manufacturing of automobile air-conditioner parts	1 August 2010	8 years	5 years
Immortal Parts Co., Ltd.				
1038(5)/2554	Manufacturing of air-conditioner parts for household use	1 December 2010	8 years	5 years
2059(5)/2554	Manufacturing of parts for electrical appliances	25 April 2011	8 years	5 years
Paradise Plastic Co., Ltd.				
1326(5)/2555	Manufacturing of plastic and plastic enamel products	1 September 2012	8 years	5 years

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
Ultimate Parts Co., Ltd.				
2375(5)/2553	Manufacturing of air conditioner parts for household use	1 December 2010	8 years	5 years
1570(5)/2554	Manufacturing of machinery, equipment, and parts for household use and manufacture of steel and parts for steel	23 December 2011	8 years	5 years
Infinity Parts Co., Ltd.				
1295(5)/2555	Manufacturing of steel and parts for steel	2 May 2012	8 years	5 years
1296(5)/2555	Manufacturing of parts for electrical appliances	6 April 2012	8 years	5 years
Toptech Diamond Tools Co., Ltd.				
1049(2)/2557	Manufacturing of cutting tools, machinery, equipment, and parts	7 January 2014	8 years	5 years

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
SNC Creativity Anthology Co., Ltd.				
2103(2)/2556	Manufacturing of electricity parts. Research and development of parts and component parts.	Not commenced operations	6 years	5 years
2167(1)/2556	Manufacturing of air conditioner for automobile	Not commenced operations	8 years	5 years
2704(2)/2556	Manufacturing of liquid line of air conditioner for automobile	Not commenced operations	3 years	5 years
SNC Atlantic Water Heater Asia Co.,Ltd				
2341(2)/2556	Manufacturing of air-to-water heat pump	19 June 2014	6 years	5 years
SSM Automation Co., Ltd				
1548(2)/2555	Manufacturing of parts for steel	1 June 2012	3 years	5 years
SNC Atlantic Heat Pump Co., Ltd				
1719(5)/2557	Manufacturing of parts for electrical appliances	17 December 2014	8 years	8 years

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2014			2013		
	Promoted busi- nesses	Non-promoted businesses	Total	Promoted busi- nesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	93,670	257,341	351,011	190,662	31,234	221,896
Local sales	3,868,508	3,185,272	7,053,780	5,950,303	982,576	6,932,879
Total revenues	3,962,178	3,442,613	7,404,791	6,140,965	1,013,810	7,154,775

	Separate financial statements					
	2014			2013		
	Promoted busi- nesses	Non-promoted businesses	Total	Promoted busi- nesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	-	246,780	246,780	128,732	9,593	138,325
Local sales	708,806	3,245,622	3,954,428	2,811,388	687,413	3,498,801
Total revenues	708,806	3,492,402	4,201,208	2,940,120	697,006	3,637,126

28 Earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand shares / in thousand Baht)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>377,363</u>	<u>423,207</u>	<u>231,174</u>	<u>339,616</u>
Number of ordinary shares outstanding	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>1.31</u>	<u>1.47</u>	<u>0.80</u>	<u>1.18</u>

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

29 Dividends

Dividend	Approved by	Dividend paid (in thousand Baht)	Dividend per share (in Baht)	Dividend payment date
Dividend paid from the profit of first six months of 2014	Board of Directors' Meeting on 1 August 2014	86,333	0.30	29 August 2014
Dividend paid from the profit of last six months of 2013	Annual General Meeting of shareholders on 3 April 2014	115,111	0.40	30 April 2014
Total dividend paid during 2014		201,444	0.70	
Dividend paid from the profit of first six months of 2013	Board of Directors' Meeting on 2 August 2013	172,666	0.60	30 August 2013
Dividend paid from the profit of last six months of 2012	Annual General Meeting of shareholders on 3 April 2013	172,667	0.60	26 April 2013
Total dividend paid during 2013		345,333	1.20	

30 Financial instruments

Financial risk management policies

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

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Financial assets and liabilities interest rates are mainly adjust in accordance to market rate or are fixed which is close to current market rate.

The effective interest rates of financial assets as at 31 December and the periods in which those assets mature were as follows:

Consolidated financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2014					
Current					
Cash and cash equivalents	0.5	348,086	-	-	348,086
Short-term loans to related parties	5.00-5.50	83,000	-	-	83,000
Total		431,086	-	-	431,086
2013					
Current					
Cash and cash equivalents	0.50-1.45	371,121	-	-	371,121
Short-term loans to related parties	3.00-5.00	64,000	-	-	64,000
Total		435,121	-	-	435,121
Separate financial statements					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2014					
Current					
Cash and cash equivalents	0.5	68,655	-	-	68,655
Short-term loans to related parties	5.00-5.50	347,877	-	-	347,877
Total		416,532	-	-	416,532
2013					
Current					
Cash and cash equivalents	0.50-1.45	184,356	-	-	184,356
Short-term loans to related parties	3.00-5.00	419,877	-	-	419,877
Total		604,233	-	-	604,233

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

		Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2014					
Current					
Short-term loans from financial institutions	3.35	70,000	-	-	70,000
Current portion of long-term loans from financial institution	5.00-6.75	35,606	-	-	35,606
Current portion of finance lease liabilities	4.51-9.13	3,034	-	-	3,034
Non-current					
Long-term loans from financial institution	5.25	-	201,158	41,089	242,247
Total		108,640	201,158	41,089	350,887
2013					
Current					
Short-term loans from financial institutions	4.00	273,000	-	-	273,000
Current portion of long-term loans from financial institution	7.00	7,200	-	-	7,200
Current portion of finance lease liabilities	5.82-15.21	6,484	-	-	6,484
Non-current					
Long-term loans from financial institution	7.00	-	7,550	-	7,550
Finance lease liabilities	5.82-15.21	-	3,082	-	3,082
Total		286,684	10,632	-	297,316

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in thousand Baht)	After 5 years	
2014					
Current					
Short-term loans from financial institutions	3.35	70,000	-	-	70,000
Current portion of long-term loans from financial institution	5.00-5.25	14,340	-	-	14,340
Short-term loans from related parties	5.00-5.50	110,586	-	-	110,586
Non-current					
Long-term loans from financial institution	5.25	-	77,660	-	77,660
Total		194,926	77,660	-	272,586

2013					
Current					
Short-term loans from financial institutions	4.00	273,000	-	-	273,000
Short-term loans from related parties	3.00-5.00	101,086	-	-	101,086
Total		374,086	-	-	374,086

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases of raw materials and sales of finish goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
<i>United States Dollars</i>					
Cash and cash equivalents	5	1,206	950	1,206	950
Trade and other accounts receivable	6	88,939	23,861	79,111	23,268
Trade and other accounts payable	17	(111,342)	(45,941)	(80,874)	(24,521)
Accounts payable - acquisition of assets		(2,868)	(139,227)	(1,348)	(73,681)
Gross balance sheet exposure		(24,065)	(160,357)	(1,905)	(73,984)
Currency forwards		34,063	157,115	1,271	73,358
Net exposure		9,998	(3,242)	(634)	(626)

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2014	2013	2014	2013
		(in thousand Baht)			
Euro					
Trade and other accounts receivable	6	481	271	-	-
Trade and other accounts payable	17	(100)	(218)	-	-
Gross balance sheet exposure		381	53	-	-
Currency forwards		84	-	-	-
Net exposure		465	53	-	-
Japanese Yen					
Trade and other accounts receivable	6	-	828	-	-
Trade and other accounts payable	17	(736)	(781)	-	-
Accounts payable - acquisition of assets		(12,309)	(4,681)	-	-
Gross balance sheet exposure		(13,045)	(4,634)	-	-
Currency forwards		4,906	6,249	-	-
Net exposure		(8,139)	1,615	-	-
Pound Sterling					
Trade and other accounts payable	17	(701)	-	-	-
Gross balance sheet exposure		(701)	-	-	-
Currency forwards		701	-	-	-
Net exposure		-	-	-	-
Swiss Franc					
Accounts payable - acquisition of assets		-	(9,920)	-	-
Gross balance sheet exposure		-	(9,920)	-	-
Currency forwards		-	-	-	-
Net exposure		-	(9,920)	-	-

As at 31 December 2014, outstanding forward exchange contracts are presented below.

	Consolidated financial statements		Separate financial statements	
Foreign currency	Bought amount	Contractual exchange rate bought (Baht per 1 foreign currency)	Bought amount	Contractual exchange rate bought (Baht per 1 foreign currency)
	<i>(in thousand)</i>		<i>(in thousand)</i>	
United States Dollars	1,034	31.23 - 33.13	41	31.23
Euro	2	40.39	-	-
Japanese Yen	15,871	0.2790 - 0.3250	-	-
Pound Sterling	14	51.50	-	-

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

31 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Buildings and other constructions	60	7,316	60	2,888
Machinery and equipment	31,297	43,559	3,135	3,192
Total	31,357	50,875	3,195	6,080
<i>Non-cancellable operating lease commitments</i>				
Within one year	42,698	60,004	21,850	26,512
After one year but within five years	23,176	55,101	16,816	37,373
Total	65,874	115,105	38,666	63,885
<i>Other commitments</i>				
Unused letters of credit to guarantee payments due to creditors	35,745	197,297	18,859	73,074
Bank guarantees for land rental, electricity used and others	35,640	35,233	31,012	27,187
Total	71,385	232,530	49,871	100,261

SNC Former Public Company Limited and its Subsidiaries

Notes to the financial statements

32 Events after the reporting period

On 9 January 2015, International Techno Pipe Co., Ltd., a subsidiary, registered with the Ministry of Commerce to decrease authorised share capital of 37,500 shares, with a par value of Baht 100 per share, totalling Baht 3.75 million.

On 3 February 2015, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of the shareholders to be held on 27 March 2015 adopt a resolution to pay a year-end dividend of Baht 0.36 per share in respect of the operating result of 2014, or a total of Baht 103.6 million. The dividend payment is scheduled for 24 April 2015 and represented a total dividend payment of Baht 0.66 per share, inclusive of the interim dividend of Baht 0.3 per share.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015

SNC Former Public Company Limited and its Subsidiaries
Notes to the financial statements

TFRS	Topic	Year effective
TSIC 15 (revised 2014)	Operating Leases - Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015
TFRIC 1(revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

34 Reclassification of accounts

	2013					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. (in thousand Baht)	Before reclass.	Reclass.	After reclass.
Statement of comprehensive income						
Administrative expenses	(237,906)	-	(237,906)	(36,273)	(26,634)	(62,907)
Directors and management benefit expenses	(94,986)	-	(94,986)	(39,752)	26,634	(13,118)
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.



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SNC FORMER PUBLIC COMPANY LIMITED

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